Master Thesis

How and why?
A study on the drivers of startups location choice in an Italian setting

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Abstract

The attention paid by the academic world to firms' location choice has always been high. Several well-known academics questioned and analyzed what drives firms to locate in a certain place, and which factors are the most influential in this decision-making process.
However, when searching for the same academic literature concerning startups, a poor collection of recent researches and studies can be found. Beginning from this academic literature gap, we started questioning ourselves whether it could be useful to shed a light on what drives startups to locate in a certain place, and why. Given the particularity of startups business dynamics, we thought that not all the already-studied drivers for firms' location choice could fit the startups dimension. Indeed, in terms of outcomes startups follow very peculiar and unpredictable paths, which cannot be always associated with the ones followed by already established and operating firms.

With the high level of interest in location choice and the effects it might have in companies profit and performance over time, it is also becoming increasingly important to gain data on this topic for startups. The purpose of this study is to gain deeper insights into the factors that can influence startups location choice. In order to do so, we created a survey exposed to the incubated startups of I3P, the third public startups incubator of the world. 38 on 42 startups took actively part in the survey, helping us in gaining a better understanding of which are the most influential drivers that have led the I3P startups location choice. Specifically, what we found out is that our sample startups have been positively influenced mainly by the presence of relational connections with institutions and consumers; the proximity with other startups and the availability of a good suppliers' network. Additionally, we discovered that some drivers are sensitive to the presence of a prior research phase done by startups. Specifically, according to our respondents, variables like the importance of Venture Capitalists, the duration of approval processes for licenses and applications and the suppliers' network fall within this category.
We left an open door for further studies on the topic, acknowledging that our sample is not big enough to draw conclusions on the Italian startups' location choice field, but to give a first significant glance at it.

Acknowledgments

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We would also like to express our gratitude to the people who stayed close to us in this difficult period. In particular, we thank our families who have been supporting us through our university path. Even when we were distant, your love reached us. We will never thank you enough.

Besides, we thank Copenhagen which in addition of being our friendship's nest, taught us that in order to fight the wind the only thing you have to do is to push far.

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1. Introduction

Nowadays, entrepreneurs face tricky and demanding questions about their businesses also due to globalization, which makes it is very easy to move both capital and human resources. In particular, we think that the most complex part each entrepreneur has to face especially in the first stages of their business involves location choices. According to the broad literature, there are a lot of drivers which influence where to start a business; where bureaucracy, fiscal pressure, low investments represent just a few. As a consequence, it is of utmost importance to be able to identify some drivers before deciding where to locate, as the success or failure of a firm can also be a result of these type of choices.

1.1 Problem area

When starting a new business many entrepreneurs dream of becoming a large company, and surely enough the media is full of stories of firms flourishing and achieving amazing growth and market adoption. Although many set their expectations high, only few are actually able to realize them. In addition to the numerous challenges companies face while establishing their business, the location choice factors surely represent a challenging question each of them has to solve. Moreover, literature has focused on investigating which factors were considered as influential while firms were locating their business, however the startup environment has been poorly examined, also due to its recent adoption as a business model.

1.2 Delimitation

In the following thesis we explore which drivers are influencing startups location choice. Even though it would be optimal to have a comprehensive approach of the various trends which occur in different countries, in this thesis we will concentrate on analyzing the Italian panorama. Obviously, we do not believe that investigating foreign countries would be irrelevant, but due to time constraints and difficult access to the abroad perspective, our strategy was to focus on the perspective within a particular country.

For the delimitation, it should also be noted that we selected the drivers of location choice based on past literature. Particularly, we have found evidence of studies focusing on specific location choice drivers, drivers influencing firms operating in specific sectors and factors which impact multinational enterprises (MNE's) location choice. After having considered the abovementioned drivers of location choice, we became aware that some of the already studied drivers fit well the startups environment,

while some others cannot be applied to startups as drivers for their location choices. This said, we asked ourselves if the location choice is always moved by the aforementioned drivers, whether these firms' drivers really fit the startups world and if we should consider some drivers, not studied yet, as a main factor for startups location choice. In order to pursue our main objective, we conducted a survey addressed to an incubator situated in Turin, Italy. Being this our main data sample, and in order to understand which main drivers are influencing startups location choice, we tested startups with different questions. We mainly formulated questions based on the location choice literature, however we also considered other drivers emerged from the qualitative interviews conducted on a startup within the incubator. In addition to question which are drivers influencing startups location choice, our aim is also to explore which are the ones having a major impact in their location seeking process.

1.3 Problem formulation

Based on the above problem area, this thesis aims to answer the following research questions:

RQ: Which are the drivers affecting startup location choice in the Italian setting?

SQ: Among those, which ones can be considered as most influential?

1.4 Thesis structure

All of the introduction paragraphs contribute both the reader and the us as researchers to have a clear understanding of our problem area. As briefly outlined before, the following study is based on a sample of startups, which are part of the Polytechnic University Incubator- I3P, located in Turin. Following the topic delimitation and the presentation of our research question, we first describe our theory of choices, which can be found in the Literature Review section. The theory section will be followed by the methods section, where we describe which methods have been used in order to examine our problem area. In the methodology section, in addition to discussing the main methods used to conduct our research, we also describe opportunities and constraints which are a consequence of our choices.

After the two aforementioned sections, the analysis will take place. Here, we present our results followed by the discussion section in which we show results in interaction with our chosen theories. Finally, we provide some recommendations for future research, giving a new knowledge perspective. Conclusions of our research will follow.

1.5 Terms definition

Throughout this thesis we will make use of terms which there are no completely agreed definitions across literature. In order to avoid any misunderstandings, we define the exact meaning in the context of this thesis in the following.

Start-up

We define start up as *"small, dynamic and risky enterprises, which are particularly sensitive to business decisions"* (Weber and Zulehner, 2010, p.358).

Incubator

We define incubator as organisms which belong to the broader sphere of initiatives aimed at stimulating and supporting entrepreneurship. Incubators seek to combine technology, capital, professionalism and entrepreneurial experience to accelerate the birth and development of new businesses (Grimaldi and Grandi, 2005 as cited by Auricchio, Cantamessa, Colombelli, Cullino, Orame and Paolucci, 2014).

Location choice

We define location choice according to the definition given by the Collins Dictionary of Economics.
"Industrial location can be described as the geographical site or sites by a firm to perform its economic functions.
The choice of an appropriate location is influenced by a range of considerations but two are partic ularly important:

a. *the nature and characteristics of the industrial activity that the firm performs (for example r aw material extraction or crop cultivation, the manufacture of intermediate or final product s, the provision of a service) and*
b. *the relative costs of production at different locations balanced against the cost of physical di stribution to target markets, and the importance of closeness to customers as a basis for esta blishing competitive advantages over rival suppliers".*

1.6 Relevance and motivation

We are on the belief that our topic of choice has relevance as a final candidate project. On one hand, while Italy is flourishing as a new economic power showing an increasing number of start uppers (Il

sole 24 ore, 2019) on the other, the number of Italian-born startups that decide to fund themselves abroad is still very high. As a consequence, we think that it is of fundamental importance to understand *how* startuppers decide on location choice by the early stage (e.g. what are the pull and push factors) and *why* they do so. Our goal is to extend the theoretical angle of location choice perspective especially in the Italian setting, as we see it somehow insufficient. Studying these drivers will be an important starting point not only for moving consensus regarding the at-the-moment lost opportunities for startups in Italy, but also to give the right attention to the impacts of location choice for a business. Even though deciding where to place and start a business could entail several costs which are generally difficult to undo (sunk costs), businesses could win on other dimensions, such as the proximity with other similar firms. It is always a matter of trade-offs between costs and benefits, regardless of the chosen location. Due to the amount of studies focused on locations and cluster realities, which sometimes became too crowded and saturated to offer new and important opportunities for new businesses, we feel like startuppers do not have choices but to locate their business either in spoiled and overcrowded locations or in their home countries. Although well-known cluster realities around the world represent golden opportunities for startups concerning location choice, so many other locations are arising as startups perfect hubs, where Italy is one of them.

Overall, we think it is of main importance to study how the Italian startups panorama is evolving, in order to map the territory and to give both practitioners and academics new opportunities and studies sparkles. It is crucial for startuppers to have an all-around view of all the startup fertile fields around the world. For academics, our thesis topic would not only possibly represent a new field to be explored, but also a new knowledge-seeking driver to push far. Moreover, it could enrich the startups location choice studies, which at the moment are few and not very consistent. Indeed, startups studies have always been a part of the general firms location choice panorama, and never a study per se.

2. Literature Review

In this section, we will examine relevant literature researches for our thesis. The intention is to provide an academic background for our study by exhibiting the academic context, as well as to provide support for our argument of choice. Our selected studies were chosen based on their relevance to our research question. These reside mainly within the location choice setting, specifically focusing on the drivers which influenced manufacturing industries, firms operating in specific sectors and multinational enterprises (MNE's) before entering the market. We are particularly interested in understanding which drivers could be useful for entrepreneurs in order to understand where to locate their business, especially by their firms' early stage of growth.

First, there is an overview of the literature focused on understanding the evolution this stream of studies has had in terms of drivers affecting businesses location choice. We will thus identify specific drivers influencing location choice, followed by studies concentrated on drivers having an impact on a specific industry of the sector. Then, drivers which impact MNE's are presented; followed by a review on clusters and its dynamics as an evolution of a possible drivers of location choice. Finally, an introduction to funding strategy and incubators is given as a probable influencing factor in attracting the establishment of new businesses. The overview of the body of literature presented above is structured in order to classify the various theories on location choice and the various drivers influencing it. The purpose is to point out to the main contributions, the various traditions and the main characteristics of relevant theories on location choice.

2.1 Evolution of location choice studies

The academic field of location choice is voluminous, and it has been expanding rapidly since
Keir (1921) and other scholars identified the main drivers of location choice for manufacturing industries. The relevance of location choice becomes clearer when looking into Kimelberg and Williams (2013) paper.
Here, in contrast to most of the existing literature, the authors are able to identify different drivers which simultaneously influence location choice. Indeed, according to them there are two different groups within which the location choice studies falls in:

1. Scholars who study the influence of a *"specific factor, or a set of factors on firms location decision"* (Kimelberg and Williams, 2013, p.92).

2. Scholars who focus on location choice of a specific industry or business.

Notwithstanding the importance the aforementioned studies brought to the literature, the authors believe that it was needed further investigation not only on examining several factors at the same time, but also on how those factors change, according to a specific facility. By diving in this setting, and by collecting data from a survey conducted in the USA, their paper brings some light in understanding which factors could be considered universal, and which are context specific, instead. Kimelberg and Williams (2013) paper will be used as a main designation since they provide a good starting point and a clear classification scheme of the location choice literature.

2.1.1 Specific factors influencing location choice

Early scholars were mainly focused on studying location factors for manufacturing firms. This was due to the fact that during the twentieth century firms were mainly focused on the sales and production of goods, thus prioritizing profits and seeking a location where they could benefit from cost advantages (Kimelberg and Williams, 2013). As a consequence, manufacturing firms were seen of having no choice other than exploring a place where they could benefit from low costs for locating their business. More specifically, Malcom Keir (1921) in his paper "Economic factors in the location of manufacturing industries" argues that manufacturing industries have been constrained by different factors while faced with the decision of where to position their industry. Those factors were mainly identified with raw materials, labor, market, power or fuel, capital and transportation (Keir, 1921). The author believes that notwithstanding the fact that *"not all of these have restricted all industries [...] taken together the considerations mentioned constitute the principal dominants in factory location"* (Keir, 1921,p. 83). As a matter of fact, while nearness to market was considered as a factor of utmost importance for manufacturing firms since they *"will always have an advantage over one more remote"* (Keir, 1921, p. 87), local capital was considered to be *"as the least of the factors that have a bearing upon the location of industry"* (Keir, 1921 p.89) instead.

Although the different factors importance may vary according to the peculiarities each manufacturing industry could have had, Keir (1921) identified the access to transportation as a crucial factor firms should consider before locating.

As a matter of fact, back in those times, people mainly relied on transportation to access one place or the other. Thus, the movement of people was mainly happening with public transports such as trains. In addition to providing the opportunity to raise new businesses, the use of trains was central to avoid

industry decentralization (Keir,1921). The importance of this factor was also considered in the literature by other authors, such as Blair and Premus (1987). The authors add on Keir (1921) point of view about the transport factor importance, stating that in the early literature concerning location choice, industries were mainly concerned about this specific driver.

Due to the high attention given by past literature to transportation as a possible driver of location choice, we also investigated if this could have an impact for most recent businesses. Nowadays, change has become increasingly relevant, and being now part of our world, it has seen different industries moving faster than ever before. This change is also translated into how people make business decisions, how they behave and where they decide to locate.
According to more recent literature, there are several transportation studies which always link the availability of transportation means to higher industry presence, however there is little evidence on how this specific factor may influence a business decision on location choice (Leitham et. al, 2000). While it is important to distinguish between the different types of firms, it is also suggested to consider the *intra* and *inter-regional* moves while analyzing the influence of transport in affecting location choice. In their stated preference study of location choice for domestic and foreign firms in England, the authors found that while *"UK sourced branch plants were found to rate motorway links the highest of any [...], overseas sourced branch firms found road links to be an unimportant factor"* (Leitham et al. 2000, p.532). Even though generally roads are seen as the most influential factors for firms, the main point brought up by the study is that the importance of it may vary considerably depending on the type of industry and the kind of location analysis (e.g micro, macro).

The attention to transport as a probable factor influencing location choice, has been recently linked to land use, and it is still widely accepted as the practice of using the output of transportation demand as an input for land use. Ideally, the accessibility of a location is a measure of how well transportation networks interact with land use attributes to satisfy business or other preferences. According to Giuliano (2004) transportation and land use are mutually dependent (Figure 1), and consequently it is extremely difficult to examine their impacts. While part of the Urban system, the presence of transportation systems affects accessibility. Accessibility is defined as the easiness of moving from one place to another. In turn, the easiness of moving affects where activities are located, which determines how a particular land is used. The presence of transportation resources along with the land

activities affect daily activity patterns. Indeed, the different ways people may move in order to reach their desired place affects the transportation network, and thus its system.

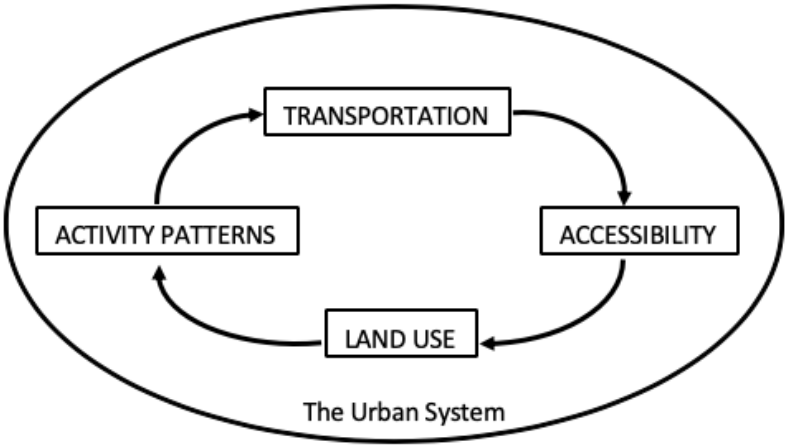


Figure 1. The transportation- land use relationship. Giuliano (2004).

The strong interaction between transport and land use has generated various theories. Among others, the *Industrial Location Theory* firstly formulated by Weber (1928) focuses on the movements of goods rather than people. By mainly targeting manufacturing activities, the theory states that location choice depends *"on the relative costs of shipping inputs and outputs, as well as economies of scale in production"* (Giuliano, 2004, p.245). However, nowadays this model seems not to be adequate anymore due to the high technological shift firms have undertaken. Indeed, due to the increasing investment in infrastructure, transport costs have declined, and networking systems make it easier for firms to take advantage of low- cost labor pools, wherever they are. As a consequence, *"cities have decentralized and become less dense as transport costs have declined; more accessible places have higher land value than less accessible places"* (p.252).

While considering land use, an important factor firms should consider is not only the effects of tax incentives, but also the impact corporate taxes might have on their businesses. According to Buss (2001), the literature on tax is quite vague and difficult to analyze. The reason behind this mainly lies on the various peculiarities each location and business environment might have. However, while research in the early 1980s tended to support the idea of *"little or no impact of taxes on location, over time studies began to show that taxes seemed to matter at least at the margins, once corporations*

have made decisions on labor, transportation, raw materials, and capital costs" (p.94). As a matter of fact, now scholars believe that the tax impact on firms' location choice matters.
The logic seems straightforward: other things being equal, producers will move to whichever country has the lowest tax rates. So, while firms seem to have a linear response of firm location decisions to differences in tax rates, at the local level the presence of taxes might have a different impact. The recent literature on new economic geography supports the idea that firms at a local level tend to establish in locations where there are already other firms instead, as they expect positive externalities. Known as the "agglomeration effect of taxable rent", firms who establish their firm close to one other, might face the cost of authorities setting a higher tax rate (Baldwin and Krugman, 2004 and Charot and Paty 2006, as cited by Rathelot and Sillard, 2008). In this way, authorities benefit from the higher tax rent, enjoying not only an increase in their revenues but also the attraction of new employment.

While there is no clear pattern on how firms decide on their business location at local level based on taxes; other authors such as Gius and Frese (2002) focused their study on the impact state personal tax versus corporate tax rates has on firm relocation. According to the authors, in addition of generally seeing the firms' negative impact of tax rates while locating, they argue that results may differ based on the focus of either the personal tax or corporate tax since *"the decision to relocate a firm may actually be based more on the financial well-being of the firm's executives than on the impact of the state's corporate tax rate on the financial well-being of the firm"* (Gius and Frese, 2002, p.47). The main finding of the study is that personal tax rates have a higher impact on firms' location decisions while a state's corporate tax rate has statistically no significant effect on firm location.

While the general tendency is to associate the presence of tax with negative consequences, taxes might also have some positive effects. A perfect example is the one of environmental taxes. Especially nowadays, the threat of the environment has become of ultimate importance and industries are trying to always comply with the existing rules in place, in order not to exceed imposed measures by the governments. According to Condliffe and Morgan (2009), the body of literature concerning this matter brings some debate. While past literature supports the argument that environmental regulations are not strictly related to a firm location choice, more recent studies argue that there exists a relation between the two instead. Notwithstanding the difficulties in assessing environmental policy effects on location choice, the authors believe that the idea of no-correlation between them was mostly driven by shortcomings in data collection or rather by the focus on a specific set of industries/sectors.

Condliffe and Morgan (2009), by using a newly available data set for all countries in the USA, find that *"location decisions for pollution-intensive manufacturing plants are negatively impacted by […] regulatory stringency measure"* (Condliffe and Morgan, 2009, p.3). The main point the authors make is the fact that firms, especially the high-polluted ones, consider location choice also based on environmental regulations, since those might entail additional costs in establishing technologies to achieve and comply with the pre-established emission measures provided by the law. Moreover, Jeppesen and Folmer (2001) argue that *"stringent environmental policy is supposed to be a major incentive for firms to (re)locate in countries and regions with less stringent environmental policy"* (p.524). While this hypothesis sounds straightforward, the results are mixed. The paper, in addition of considering both the relocation in terms of micro and macro perspective, so to say the movement from one region to another region in a country, and the movement from one country to another respectively, shows that results are contradictory (Jeppesen and Folmer, 2001). Indeed, while some studies show that the impact of taxes has a negative result of firm relocation, other show negligible or positive relations (Jeppesen and Folmer, 2001). According to the authors, the main point of reference to explain the differences in those results in the methodology used while conducting the analysis.

2.1.2 Location choice of specific industries

While the above studies mainly focused on identifying which specific drivers are influencing location choice of firms, other scholars focused on studying location choice for a particular sector. As an example, Frenkel (2001) conducted his research on high tech firms, bringing evidence of their tendency to locate close to metropolitan areas.

According to literature, the general tendency of scholars of the geography of innovation is to focus their research on identifying successful *core* regions. As a matter of fact, Audretsch and Feldman, in their paper from 1996, argue that proximity and location matter for companies, meaning that even though the cost of transmitting information may be invariant to distance, the cost of transmitting knowledge rises with it. Moreover, Dahlander and McFarland (2013) argue that generally, while considering the personal network already established by a company in a specific location, organizations require and benefit more from interpersonal ties that persist over time than they do from new ties. Even though more recent studies argue that distance should not only be understood purely in a geographical sense, as "*peripheral areas could be linked via organizational, cognitive, and*

technological proximity to other (core) areas" (Eder, 2019, p.121), it is also true that high- tech industries might be involved in making choices which are slightly different with regards to other traditional industries (Frenkel, 2001). As an example, those specific types of industries tend to locate where they have a good possibility of rapid market penetration (Shefer and Bar-El, 1993 as cited by Frenkel,2001).

Moreover, Frenkel (2001) argues that high tech firms tend to locate closer to regions where there is higher technological change, *"where the headquarters of high-tech firms, as well as their R&D functions, information centers and so on are located. Peripheral regions, on the other hand, are characterised by relatively low innovation potential* (Malecki, 1981; Sweeney, 1987; Fisher, 1989 as cited by Frenkel, 2001, p.1183).

The proximity topic seems to gain importance not only in the high-tech firms' sector, but also in the automotive environment. Among others, the study conducted by Schmitt and Biesebroek (2013), uses the case of the European automotive industry to evaluate the importance of the cultural, geographical and relational proximity in outsourcing. With the continuous change the industry faced during past years, for car markers proximity to suppliers became an important factor to consider since having close suppliers facilitates both "*knowledge exchange and the reduction of risk through trust"* (Dyer and Chu, 2000 as cited by Schmitt and Biesebroek, 2013). In addition to the importance of establishing long-lasting relationships, the automotive sector has always considered proximity as a value added, since due to the numerous parts their final product requires, transportation and logistics costs are conceived to be less expensive. However, while it is important for automotive industries to locate close to their suppliers, the authors find *"that suppliers derive no independent benefits from co-locating with potential clients"* (Schmitt and Biesebroek, 2013, p.3).

2.1.3 MNE's drivers of location choice

Even though the interest of the drivers of location choice has always gained a lot of attention for firms operating in specific industries or sectors, the rise of Multinational Enterprises (MNE) also seemed to gain attention as an investigation field. Regarding this matter, the general belief regarding most studies on the value of location for MNE was very vague. More specifically, multinational firms were seen as not devoting a lot of attention to the drivers of location choice since the location resources available to all firms were seen as generic in a given place, and as such, those could not form the basis for firm specific-advantage (Caves,1996; Dunning and Ludan, 2008 as cited by Zaheer and

Nachum, 2011). However, according to Zaheer and Nachum (2011) location must not be understood only as a physical place, since it is an identity which may vary according to different observers. Indeed, by introducing the concept of "locational capability" as the process through which a firm, by attentively choosing its location is able to create locational capital from generic location resources; the authors argue that location must obtain the right scrutiny. Moreover, the relevance of locational capability should interest MNE more than any other firm, since due to their international context, MNEs are able to extract higher value with respect to domestic firms from the location they choose. The process of locational capability basically consists of turning the available location resources into firm-specific resources and being able to transform them as proprietary firm resources. It is implicit that Zaheer and Nachum (2011) view MNE as a main character in the process of location choice, since those firms do not act as passive beneficiaries but rather as active ones.

Despite the possible value each MNE firm may extract from a location, it may happen that some firms do not develop particular interest in understanding their sense of place. The reason is twofold: first of all, it may happen that the firm does not have the willingness to invest in the appropriation of the possible given location resources, and secondly strategic choices partly determine the benefits an MNE is able to extract from its chosen location. More specifically, in their paper the authors make a difference in the degree of involvement in the location choice process according to MNEs who follow a global strategy with respect to those who are focused on multidomestic strategy instead. They argue that "*a MNE pursuing a global strategy is likely to have a more superficial level of engagement with local resources than a MNE pursuing multidomestic strategy"* (Zacher and Nachum, 2011, p.17). More specifically, MNE pursuing a global strategy face limited potential recognition of a particular location, due to the fact that they have interest in opportunities that enhance the firm's global position.

The drivers influencing MNE location choice, has gained the attention of other researchers, such as Nachum, Zaheer and Gross (2008). The authors, after introducing the concept of country proximity as a function of both geographic distance and the distribution of knowledge, markets and resources, find that the proximity of a country to the rest of the world has a positive impact on MNEs choosing that country as a location. By analyzing a set of US industries and by considering the negative effects of the three factors, namely distribution of knowledge markets and resources, the authors find that MNEs clearly exhibit a preference in investing in countries which are centrally located in the world.

Moreover, Alcácer, Dezső and Zhao (2013) argue that MNEs not only react to geographical proximity while evaluating their location choice, but also strategically consider time and market characteristics to ensure their competitive positions with respect to their rivals. In other words, in the context of expansion and seeking profit maximization, firms also consider how to prevent competitors from entering the market. By introducing a model, the authors identify how firms make choices in the location based on their competitor's growth potential, considering *"the impact of rivalry [...] above and beyond the location and firm characteristics"* (Alcácer, Dezső and Zhao, 2013, p.517).

2.2 Introduction to *Clusters*

By the majority of academics, clusters are considered a good mean which can help companies develop new and not-yet-explored networks, in terms of knowledge, innovation and human relationships. Indeed, cluster dynamics seem to have a great impact both on financing and location choices for firms of every size. According to Delgado (2018), locational attributes are "*at the core of formulating and implementing firm and regional strategies*" (p. 1). In other words, location choice could be considered as one turning point in a company's strategy.

In the paper "Firm in context: Internal and External drivers of success" by Delgado (2018), the author highlights Marshall (1920) early work on the now-called *cluster* dynamics. The author Marshall (1920) was one of the very first who found out the connection between a company's improved performance and suppliers-buyers, labour market pooling and knowledge spillovers dynamics (Delgado, 2018). Indeed, by sharing suppliers, firms can benefit from lower costs in input supply provision, services and infrastructures (Marshall, 1920 as cited by Andadari, 2008). Moreover, by having a pool of specialized workers, firms do not have to waste time in searching for the right people to hire nor to waste money on training.

In general, by benefitting from knowledge spillover dynamics, companies can have a privileged and faster way through innovation and improved processes (Marshall, 1920 as cited by Andadari, 2008).

Notwithstanding the attention to Marshall works, Delgado's studies starting point on location choice is identified with the "*diamond model*" by Porter (1990). Through his work, the author sparked interest in industrial clusters, specifically on why some countries are more competitive in certain industries than others.

2.2.1 Porter's *Diamond Model*

According to Porter (1990) what counts the most for an industry sector is its willingness and capacity to innovate and upgrade. However, being innovative is not always easy and straightforward, since it might entail different challenges. Indeed, notwithstanding the amount of costs companies might face while innovating, they also have to cope with other players in the market, which in most cases makes their industry either survive or die. Porter (1990) in addition to considering rivalry as an important influencing factor, sees pressure and challenge as main drivers for succeeding in a competitive setting. Nowadays, competition has become inevitable and as a consequence, the decision of where to locate businesses is of vital importance. As a matter of fact, the role of location choice for firms has recently grown significantly not only due to the presence of different values, cultures and institutions, but also to the economic settings and traditions which all contribute to determine the success or failure of a strategy. Within this setting, Porter (1990) argues that there is no nation which can or will be competitive in every economic field. On the contrary, nations are able to succeed in some particular industries because of their challenging, looking-forward and dynamic environment (Porter, 1990). Indeed, *"national prosperity is created, not inherited"* (Porter, 1990, p. 1) since it has less to do with a country's natural endowments, interest rates, currency's value, or labour pool (Porter, 1990).

By introducing his diamond model (represented below), Porter argues that any company's ability to compete internationally is based mainly on an interrelated set of location advantages that certain industries in different nations possess, namely: Factor Conditions; Demand Conditions; Related and Supporting Industries and Firm Strategy, Structure and Rivalry (Porter, 1990).

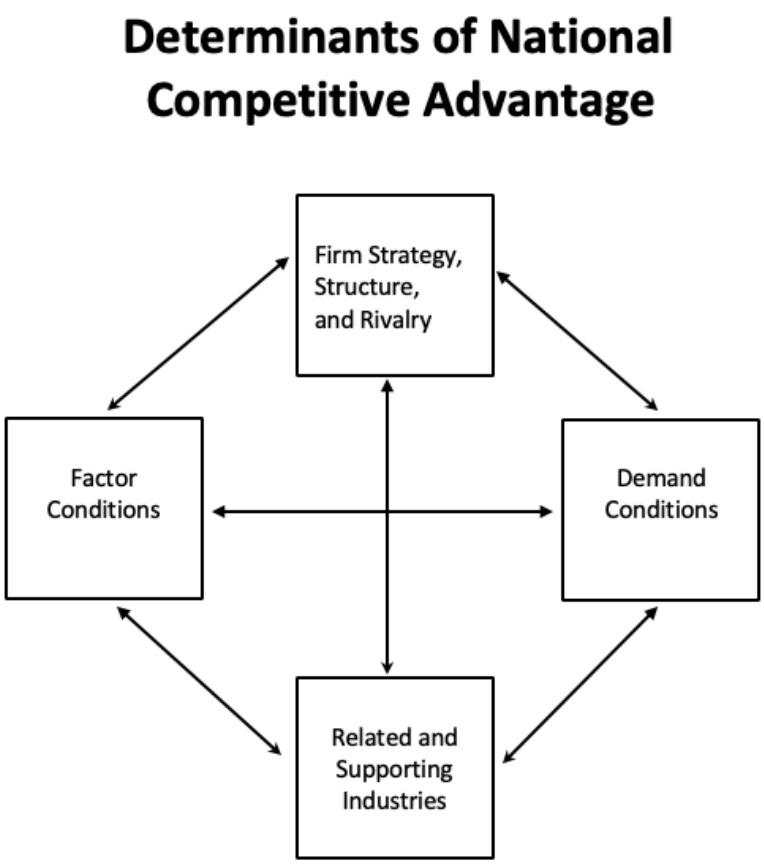


Figure 2. Porter's diamond model. Source: Porter, 1990.

Factor Conditions are identified with the natural, capital and human resources available in a given country. According to Porter (1990), a country who has the benefit of having access to specific natural resources with respect to another country, could potentially exploit it at the point of being the leader of that precise market. As an example, oil in Saudi Arabia explains why the country is one of the oil leading exporters worldwide.

While natural resources are somehow uncontrollable since proper of specific places, capital and human resources are instead something we can create and control (Porter, 1990; Tartari, Di Lorenzo, Campbell, 2018). Indeed, having a skilled labor force, good infrastructures and a wide scientific and multicultural knowledge base helps attracting funds and financing opportunities. While at first those *created* factors seem to be more valuable and important than natural resources (Porter, 1990), they are also considered to be more demanding to manage. This means that those types of resources must be continuously upgraded and developed through new skills and knowledge in order to foster *competitive advantage* (Porter, 1990).

Nation's *demand conditions* can heavily affect how industries within a certain nation can be successful. As a matter of fact, having a clear picture of buyer needs along with a sophisticated demand from local customers can help companies pursuing growth, innovate faster and improve their product quality. By understanding the demand conditions the market requires, companies are indeed able to scale new heights and feasibly gain early insights into customers' soon-to-be needs. While trying to be always ready to cope with the challenging environment a large market might entail, companies in this setting can face several growth opportunities and be more competitive (Porter, 1990). Overall, according to Porter (1990) in this case what counts the most is not the size of the demand but its character.

Having a *Related and Supporting Industries segment* is another factor which Porter (1990) considers as influencing a nation's competitive advantage. Having a net of dependencies, alliances and partnerships with other companies is considered by the author as of fundamental importance, especially while considering downstream industries. The reason behind this statement is twofold. First of all, Porter (1990) argues that companies by locating in proximity to one another can not only achieve the most cost-effective inputs, but also to deliver them efficiently, rapidly and often in a preferential way. Moreover, this geographical proximity will allow companies to have access to different machinery and components which in most cases, would have been impossible otherwise. Secondly, and of utmost importance, a company who is located close to its supporting industries can enjoy the benefit of innovation and upgrading. Short line of communications, ongoing flows of information, ideas and innovations are focal points in striving to obtain competitive advantage (Porter, 1990).

Finally, even though a nation's features can shape the creation, organization and the management of companies in addition to the nature of their domestic rivalry (Porter,1990), there is no universally applicable managerial system to it since every place has its own qualities. This means that each nation needs a specific strategy and structure in order for its companies to be competitive and successful. Regarding this matter, the author illustrates the concept by drawing on the Italian market characteristics and dynamics. According to him, in order to be successful, international competitors should be small-medium enterprises either run like an extended family or mostly private owned firms. The reason behind this statement lies in the fact that the Italian market is composed mainly by this type of enterprises (Porter, 1990). However, adopting the country's characteristic of business is not considered enough for companies to succeed and be competitive in that specific setting, since the

country's competitive landscape is also the result of the combination of management practices and organizational methods proper of it (Porter, 1990). Sticking to the Italian market, if a company wants to be successful, it should be oriented on customized practices, niche and focused segments of the market, thus be used to rapid changes and flexibility (Porter, 1990). As already mentioned before, according to Porter (1990) rivalry is seen as a positive factor rather than a negative one, since it gives incentives to companies to be innovative and compete in the market with other strong players. The concept of rivalry is highlighted by the author in his paper by drawing on an example of three pharmaceutical companies in Switzerland, namely Hoffmann-La Roche, Ciba-Geigy, and Sandoz. By competing against each other, the three companies succeeded in obtaining a leading worldwide position in the market sector. Following Porter's vision, it is the domestic competition which drives companies to aim at international partnerships and markets. Indeed, when the domestic markets already embody economies of scale, companies force each other to look forward to higher returns, profitability and more efficiency somewhere else outside their country's boundaries (Porter, 1990).

While the general tendency is to focus on the companies' external environment, it is also wise to closely look at some internal factors with which companies are dealing with. Indeed, one of the most important resources for each business is found in their employees, which are now seen as a scarce resource in any country, making it an un unreplaceable feature for their competitive advantage. Companies, in order to cope with the aforementioned issue, must influence talent choices in terms of where to work and the amount of commitment they want to invest in the firm. While employees in order to flourish and develop their potentials must receive certain types and levels of education (Porter, 1990), countries have to set valuable goals for individuals and companies, together with attaching prestige to home-based industries. The more people admire or depend on a certain activity or sector, the more nations tend to be competitive in that field (Porter, 1990).
In general, according to Porter competitive advantages of industries within nations result from the operation of the four forces interaction, which are interrelated. If one of the dimensions is not well developed, it can lead companies to be weak in that specific market or country. In Porter's words, "*sophisticated buyers will not translate into advanced products, for example, unless the quality of human resources permits companies to meet buyer needs. Selective disadvantages in factors of production will not motivate innovation unless rivalry is vigorous and company goals support sustained investment*." (Porter, 1990, p. 6).

The presence of the whole forces interacting with each other is said to be a good diamond system. This synergy is so strong to the point of being able to attract more than one type of competitive industrial sector. By doing so, nations create and host clusters of competitive industries. In the inside, these companies are linked and intertwined together both vertically and horizontally. Vertically with buyer-seller relationships and horizontally with customers-technologies-channels dynamics (Porter, 1990). Like the industries they are composed of, geographically speaking clusters stick together. So, once a cluster is established, all the collaborating companies support each other. Also in this case, rivalry between clusters stimulates diversity in R&D attitudes and favors the introduction of new skills and strategy (Porter, 1990). The contact with other competitors lets information flow spontaneously, together with a faster innovation diffusion. These unstoppable flow leads to new opportunities and new ways of competing; in this way, diversity is preserved, and inertia, inflexibility and slowness are avoided (Porter, 1990).

2.2.2 Clusters dynamics and effects

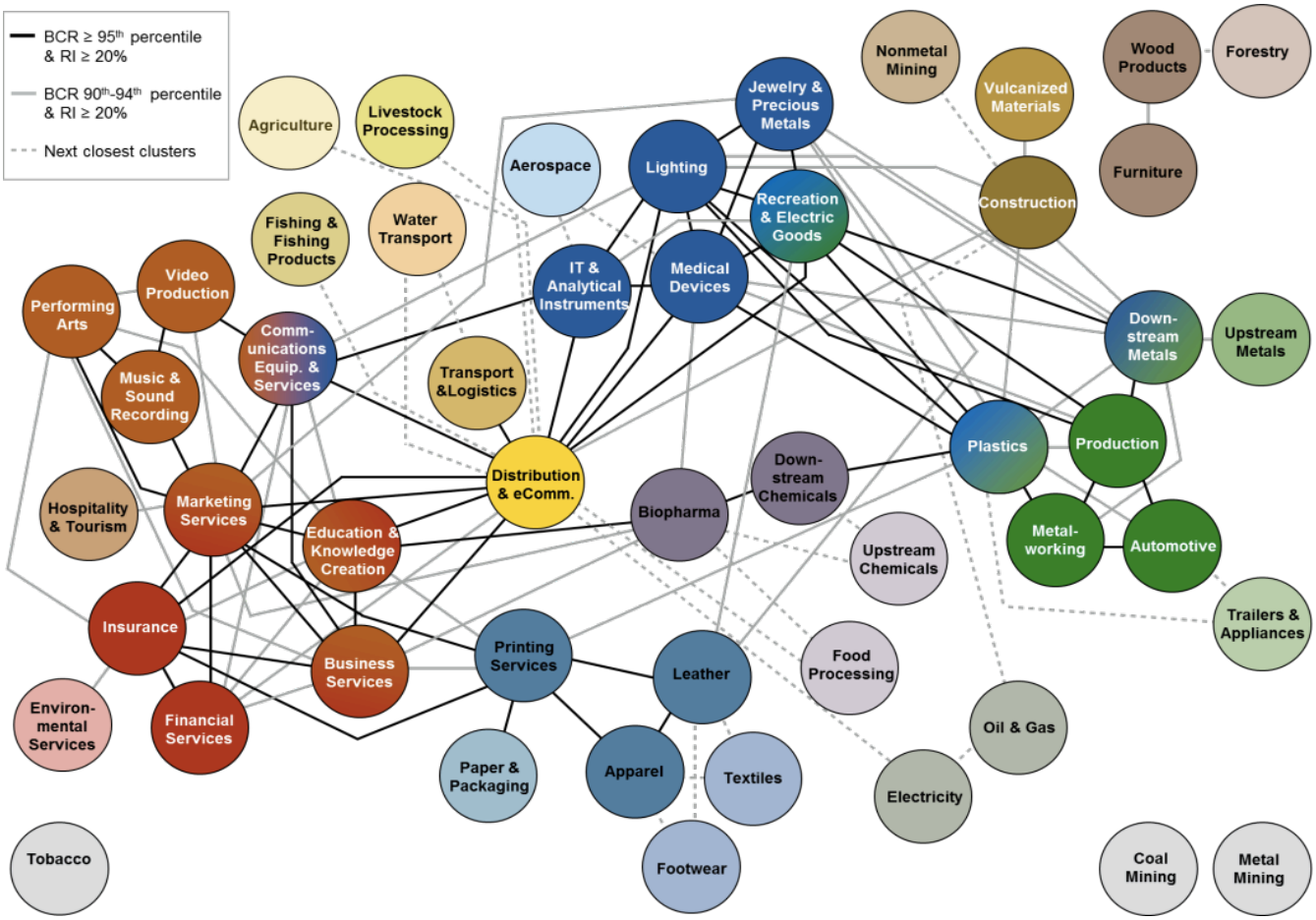
Notwithstanding the fact that the literature on clusters is vague and voluminous, during the last twenty years two different defining approaches have emerged. While the first one, namely *benchmark or comparable cluster definitions,* is based on inter-industry linkages gathered from different and multiple regions; the second one or *region-specific cluster definitions* is based on a set of linkages and connections within the same region (Delgado, 2018). In general, there is no absolute right approach and both definitions can be used to study cluster dynamics. In turn, this will allow different businesses and people to make a conscious decision about where to locate a business.

The *benchmark definition* approach takes into consideration inter-industry connections gathered from different regions (Delgado, 2018). In this case, clusters are seen as a fixed set of connected industries, thus it is possible to compare distinctive regions within the same cluster (Delgado, 2018). The *region-specific* approach studies not only the firms operating in the region but also the industries within it, giving the possibility of defining and mapping the region's cluster (Delgado, 2018). Even if slightly different, both of these approaches can help us reach the same conclusion: agglomeration economies exist and that the benefits they bring can make the difference, determining either the success or the failure of a company.

The importance of a cluster's presence has always been of major attention to scholars since it can impact a company's performance in several ways. Policymakers and business leaders have always been concerned about geographical concentration of production and innovation hubs, due to the

evidence of studies showing that the tendency of both of them is to be geographically concentrated (Feldman, 1994; Audretsch, 1998; Audretsch and Feldman, 1996; Alcácer, 2006 as cited by Delgado, 2018). As a matter of fact, it has always been believed that the separation between these two units can limit a location's innovation capacity and thus increase its vulnerability to shocks (Delgado, 2018).

In a study conducted in 2014 by Delgado, Porter and Stern, it is shown that industries which participate in clusters with strong innovative (patenting) and productive (employment) hubs have grown faster in terms of innovation. This illustrates that the co-location of the aforementioned units makes the firms benefit from input-output connections and knowledge spillovers (Delgado, 2018).



"Notes: Clusters with solid connection lines are highly related: the Between Cluster Relatedness (BCR) score is above the 90th percentile value and the percent of Related Industries (RI) is above 20%. Source: Delgado, Porter, and Stern (2016) and the U.S. Cluster Mapping Project." (Delgado, 2018, p.5)

In addition to evaluating the presence of production and innovation, another point to be considered in assessing clusters effects on performance is found to be the aggregation of suppliers and buyers. Following the study by Delgado (2018), it is easy to understand that when suppliers are grouped together and geographically near the buyers, they can both benefit from shared technologies, inputs, skills and knowledge. Generally, the presence of clusters can help firms in reaching operational effectiveness, raising productivity standards and putting the focus on the need of a reasonable strategic positioning plan (Porter, 1996, 1998 in Delgado, 2018).

As discussed before, there are several factors to consider while a business needs to choose a location. While some might be attracted by the presence of innovation and production, others might be more interested in the collaborative aspect of what such a decision might entail. The focus of different perspectives obviously varies according to the size of the firm. While bigger firms are fascinated not only by the cluster inner world but also by what can be created outside of it, smaller firms might be happy to already be part of the environment proper of a cluster. Generally, firms can decide to exploit both internal and external agglomerations, thus choosing to diversify geographically within different clusters in order to benefit from the multiple locations' competitive settings (Enright, 2000; Bresnhan and Gambardella, 2004; Delgado, Porter and Stern, 2010 as cited by Delgado, 2018). While external agglomerations act as a centrifugal force spanning activities in different locations in order to search for the best ones; internal agglomerations serve as centripetal forces, able to influence within-firm co-location (Delgado, 2018). These different types of forces can either complement each other or oppose each other. If a firm operates in a solid and strong cluster, the forces work in the same direction, on the contrary if a firm operates in a weak cluster, the forces can generate trade-offs (to remain in the cluster, in order to protect the intra-firm connections or to move some hubs within a stronger cluster) (Delgado, 2018).
According to Delgado (2018) also startups can benefit from clusters since their dynamics can help in generating externalities which are able to lower barriers to new business opportunities and creations. Moreover, when a startup chooses the cluster to work in, it will be shaped by its internal and external dynamics, referring both to its survival and to its strategy. Overall, given the whole aforementioned literature on clusters, we can say that a firm's location choice and performance can be influenced by both internal and external agglomerations dynamics (Delgado, 2018).

2.2.3 Clusters downsides

Are all firms benefiting from a cluster? Which firms can benefit more within a cluster and why? Even though nowadays, cluster benefits are well recognized and accepted by most of the academics, there are some studies focused on the cluster downsides effects on companies and entrepreneurs. Thus, unfortunately not all firms within a cluster are able to benefit from its dynamics, which instead they can become an impediment to the companies to the point of even determining the decline of a whole region (Marginean, 2009). Generally, according to literature firms which are able to differentiate themselves throughout their strategies are more likely to succeed in clusters. Vice versa, cluster dynamics can easily lead a non-strategically competitive firm to fail (Porter, 1990, 1998; Sorenson and Audia, 2000 as cited by Delgado, 2018).

Especially nowadays, firms are faced with an increasing amount of change which goes at an abnormal speed. While some companies are able to cope well with it, some other may find themselves more reluctant to adjust. The reason behind this lies in the fact that most firms may stick to the processes already in place (e.g use of some technology) due to their association of its sunk cost, which prevents them to be flexible and open to new opportunities. However, this may lead them to face a technology obsolescence, together with a decrease in competitiveness in both domestic and foreign markets (Petrov, 2010 as cited by Mazur, Barmuta, Demin, Tikhomirov and Bykovskiy, 2016). Indeed, in order to be competitive, companies should be flexible enough to respond rapidly to these changes (European Commission, 2003 as cited by Marginean, 2009). The cluster's *niche* nature, or the unwillingness to adapt- can also lead to an elasticity reduction of the participating companies. In other words, the absence of competitors can discourage the need for constant updating, in terms of production and sales processes (Petrov, 2010 as cited by Mazur, Barmuta, Demin, Tikhomirov and Bykovskiy, 2016).

Moreover, firms by being closely connected to one another and having a consolidated net of buyers and sellers, have not only some responsibilities to share but also have to deal with consequences to the other players in the cluster. In the case something goes not as expected, every player in the cluster can be affected negatively by it, failing or having to move out of the cluster reality (European Commission, 2003 as cited by Marginean, 2009). While the exit of a player can have serious repercussions to the whole industries in the cluster, close connections and the share of information to one another can lead to the possibility of knowledge to spill over competitors (see e.g., Shaver and Flyer, 2000; Alcácer and Chung, 2007). Finally, some authors argue that due to the uniqueness of

each cluster reality, it is hard to make a complicated assessment of its efficiency and its functioning because there is no possibility to compare it with the ones of other clusters (Petrov, 2010 as cited by Mazur, Barmuta, Demin, Tikhomirov and Bykovskiy, 2016). Indeed, on a regional level, "*the force of attraction of a region should not be overestimated, as only a few clusters are internationally recognized."* (European Commission, 2003 as cited by Marginean, 2009, p. 40).

2.3 Funding strategies

In order to survive, firms must finance their businesses. To do that, it is of primary importance for them to be located in a place which can offer the best financial and funding opportunities.

In general, companies can decide to expand their businesses into new markets or locations, to invest capitals in the research and development field or to try to beat the competition. Financial and funding strategies are considered as a core element for every company, since they ultimately form the backbone of the business structure. Indeed, managing finances and pursuing and securing revenue are some of the critical activities which can lead a business to its success.

However, not every funding or financing strategy can be used or applied to all the types of companies. Specifically, while focusing on startup and small companies, the funding and financing strategies they consider are surely different from the ones of multinational corporations. The uniqueness of start-up features and their tough informational asymmetry (Arthurs et al., 2009; Cassar, 2004; Cassar et al., 2015 as cited by Epure and Guasch, 2019) oblige to take a step beyond the usual firm capital structure. Indeed, startups are characterized by different and peculiar ways to raise capitals. Due to their characteristics, which are found to be mostly relational-based and connected to investors and governments, they are exposed to particular and very characteristic financial needs, which lead to the necessity of having sufficient capitals to survive in the market they choose to compete in.

2.3.1 Startups financing methods

In the entrepreneurial setting, there are a variety of methods through which startups can obtain their financing resources, which may vary according to their stages of growth (Cotei and Farhat, 2017). By building on the financial growth life cycle model by Berger and Udell (1998), which sees firms in needs of different financial means according to their growth, Cotei and Farhat (2017) argue that in the early stages of the firm's life, entrepreneurs are used to rely on their insider financial sources such as personal savings, loans from friends and family or personal debt. However, while the business grows the internal financial sources are seen to become more obsolete and thus the firm is prone to

rely more on other types of financing methods, such as external debt or equity (Cotei and Farhat, 2017). The reason of such statement relies behind the presence of *informational opacity*. At the early business stages, startups are seen to lack business assets, record of profitability or financial statements, which prevents outside capital to invest in them due to the small amount of creditworthiness and reputation the firm may have. However, overtime the startup is able to decrease its firm's opacity and thus be able to obtain other forms of investment other than internal funding.

For the purpose of this thesis, we will closely examine how the outside financing methods could have an impact on their location choice. More specifically, we will focus on the role of Venture Capitalists as financial intermediaries for startups, since those have been recognized as the most dominant source of selection in the entrepreneurial setting (Anderson, 1999 as cited by Baum and Silverman, 2004). Later, the role of banks as a possible driver of startups location choice will be also examined.

2.3.2 Venture Capitalists

While the literature on how potential funding affects the location choice of startups is somewhat insufficient, most studies have focused on how the presence of Venture Capitalists influence the startups growth instead. More specifically, there is existing evidence indicating that startups using venture capital are different from startups using more traditional financing alternatives (Hellmann & Puri, 1999 as cited by Davila, Foster and Gupta, 2000). While Baron, Burton & Hannan (1996) argue that *"the presence of venture capital affects the emergence of human resource practices in startups"* (as cited by Davila, Foster and Gupta, 2000); Colombo and Grilli (2010) found that the human capital of founders and the access to venture capital are marked as two key drivers of the new technology-based firms (NTBFs) growth process.

Due to the importance of new ventures in terms of sourcing new jobs and supporting the national economies (Audretsch, 1995 as cited by Colombo and Grilli, 2010, p.611), the presence of venture capitalist is found to be meaningful in term of devoting significant management resources to understand new technologies and markets (Davila, Foster and Gupta, 2000). Indeed, since growth is something difficult to achieve and most new ventures tend to remain small after numerous years from their foundation or failing and exiting the market, it is of crucial importance to be able to access a sufficient amount of capitals and support by the early stage of the business in the most efficient way. According to Davila, Foster and Gupta (2000), venture capital firms have the capabilities required to coaching startups in the early part of their lives, giving startups the possibility to avoid the access to

traditional financing sources which are mostly constrained by high information asymmetry and high risk.

According to the literature, the benefits startups can enjoy while funded by venture capitalists are multiple. Indeed, venture capitalists are seen to typically boost the management skill team more proactively than any other financing advisor (Davila, Foster and Gupta,2000), by taking an active board role structuring the compensation of top managers (Kaplan and Stromberg, 1999 as cited by Davila, Foster and Gupta, 2000) and periodically monitoring the evolution of the firm. Gulati, Nohria and Zaheer (2000) also argue that startups, by being venture funded, are able to access some strategic network including a variety of companies which results in simplifying the process of looking for business partners, thus in lower costs and time (as cited by Davila, Foster and Gupta, 2000). Overall, a startup which is able to obtain funding from venture capital firms is able to increase its reputation within the market, reducing transaction costs, attracting high quality employees, gaining new customers and negotiate new alliances with key players (Davila, Foster and Gupta, 2000). By enjoying of all the above-mentioned benefits, venture- backed startups are seen as growing faster than non-venture backed firms (Megginson and Weiss, 1991; Timmons, 1999 as cited by Baum and Silverman, Davila et. al, 2000). However, there are some drawbacks startups might face while choosing venture capital as a funding method. Indeed, firms that pursue this type of funding strategy usually can't finance themselves through banks or other forms of debt because of their risk (Vance, 2005). More specifically, the risk occurs due to the firm's insufficient information not only in terms of lacking financial statements or financial tracking records, but also in terms of technology, market acceptance, competition and the entrepreneurs experience (Vance, 2005).

While faced with a numerous amount of funding choices, it is of utmost importance that businesses before entering the market have a clear understanding of their funding access and opportunities in order to ensure their survival over long period of time. There are several studies which investigate how the initial startup funding choice can influence their long-term success. While Stinchcombe (1965), Boeker (1989), and Cooper, Gimeno-Gason, and Woo (1994) argue that the environment in which the startup establishes by its early stages is seen to affect its performance in the long term (as cited by Davila, Foster and Gupta, 2000); Davila et al (2000) believe that also funding strategies play a vital role in the long term effects of startup survival.

In general sense, it is clear that startups are attracted to the location where there is the possibility to exploit the resources available at their maximum potential. Obviously, the location choice of startup accessing those resources, and thus boosting their growth may vary according to two different perspectives (Guzman, 2019). The first one is agglomeration. This perspective supports the idea that a startup, by being located far by the available resources faces more costs which impact productivity, thus it prioritizes the idea that being closer to resources makes the business more profitable (Guzman, 2019). The second perspective, or embeddedness, *"focuses on the fact that social (non-economic) relationships, such as family ties, ethnic bonds, or long-held friendship, also help firms access resources to be more productive"* (Granovetter, 2005, Uzzi, 1996 as cited by Guzman, 2019, p. 2). In other words, according to this perspective, startup which do not have those type of relationship performs lower than others (Guzman, 2019). While both perspectives have interesting points, it is also wise to consider that startups are not necessarily born in their ideal location and thus while attracted by resources (e.g financing access, employees etc.), they always have to evaluate the tradeoff between the embeddedness and the agglomeration of another destination with the possible cost of migration (Guzman, 2019). In conclusion, even though there is no evidence on how the presence of venture capitalists influence the startup location choice, we thought it would be interesting to investigate whether the presence of this type of funding method is positively influencing startups location choice.

2.3.3 Banks

Like individuals, firms are able to borrow money both privately, through bank loans, and publicly, through a debt issue. But how important is the presence of banks in the location of choice for firms and new ventures?

Not so many studies have focused on the nearness between banks and firms and the effects it can have on performances and growth perspectives. Their perspectives are yet to be deeply and completely explored. However, scholars such as Arena and Dewally (2011) focused their study on investigating the dynamics between bank proximity with firms and new ventures. Specifically, their research explores the "*influence of a firm's geographical location on corporate debt and provides evidence that the higher cost of collecting information on firms distant from urban areas has significant implications on a wide array of corporate debt characteristics"* (Arena and Dewally, 2011, p.1). Following the authors first hypothesis analysis, the *proximity* one, we can see that they reached a very interesting result on the effects that come into play between banks and firms, because

of their geographical proximity or distance. Given that, ceteris paribus, banks monitor rural companies (meaning *companies far from the urban field*) less intensively because of geographical distance where analysts' research is not detailed and of lower quality, banks "*might impose higher yields on rural firms to compensate for higher risk of asset substitution"* (Arena and Dewally, 2011, p.5).

Similar to equity institutional investors, banks are generally located in or near the city's centers, and even if firms are spreading and locating also in rural areas, bank lendings are still mainly local (Petersen and Rajan (2002), Becker (2007) as cited by Arena and Dewally, 2011). This said, the authors argue that investment and commercial banks are more likely to underwrite debt, negotiate loans and monitor urban companies. Indeed, it is easier and less costly for them to obtain information on these firms because of geographical proximity (Arena and Dewally, 2011). This said, it is expected rural firms to obtain less loan and attention from banks.

Moreover, proximity or distance to urban areas has effects on the reputation level of lending and underwriting institutions. Distance from the city centers lessen the competition to lend or underwrite rural firms' debt offering. In this way, less prestigious banks are more likely to lend money to rural firms, because of the lower informational advantage of prestigious debt institutions in the regards of them (Arena and Dewally, 2011). On the contrary, small and less prestigious institutions, located far from the urban area, might work smoothly with rural firms, and have a greater informational advantage in regard to them.

Summarising Arena and Dewally (2011) results on the topic, it can be said that, ceteris paribus, on average bigger and more prestigious banks are less likely to work with firms located far from them and, consequently, from the urban areas; while, less prestigious institutions, located in rural areas, are more likely to work well with rural companies, relying on the relationship with them, in order to avoid their informational disadvantage (Arena and Dewally, 2011).

2.4 Startups support programs

The creation of new ventures is an uncertain endeavor, in which entrepreneurs pursue the construction of new artifacts by addressing information asymmetries in markets that more often have not to be built (Knight, 1921; Sarasvathy, 2001; Schumpeter, 1934; as cited by Tasic & Andreassi, 2008). In such a challenging environment and to overcome the difficulties of the newness, these new-born

industries recently started to find alternatives which could support them, namely the business incubators and startups accelerators.

2.4.1 Business Incubators

Although the evolutionary theory of the company claims that the selection mechanisms are a necessary phenomenon (Aldrich, 1999 as cited by Auricchio et al., 2014) and that the failure of new businesses is a physiological event (Watson et al., 1998; Zacharakis et al., 1999 as cited by Auricchio et al. 2014), a large literature supports the existence of theoretical reasons for supporting innovative start-ups. Within this setting, there is also some devoted attention given to business incubators, seen as auxiliary structures.

According to this literature, businesses, in the early stages of their lives, operate in a context characterized by *market failure*, which would prevent reaching socially efficient situations in the absence of a public intervention (Auricchio et al.,2014). On one hand, these failures are attributable to the difficulty start-ups would encounter accessing particularly relevant inputs, such as financial resources (due to the imperfections of the financial markets and the presence of the known phenomena of information and adverse selection asymmetries), knowledge, technology and crucial networks relationships for the success of the business (Storey and Tether, 1998; Colombo and Delmastro, 2002 as cited by Auricchio et al., 2014). On the other hand, innovative start-ups would generate positive externalities, mainly consisting of stimulus to innovation and change of technological paradigms *outside the* business *box*, thus favoring the economic system as a whole. The reasons summarized here would, therefore, lead to justify public intervention through entities – precisely incubators - which support new businesses and make them less vulnerable in the early stages of their life.

The taxonomies introduced by the literature are manifold and reflect the different national and institutional contexts. Grimaldi and Grandi (2005) distinguish incubators in four broad categories: Business Innovation Centers (BICs), university incubators, independent private incubators and private incubators dependent on large enterprises (as cited by Auricchio et al, 2014). However, in the literature exists different classifications: for example, the work of vonZedwitz and Grimaldi (2006) distinguishes between five types of incubators being those university, regional business, company-internal, independent commercial and virtual incubators. Other studies classify incubators based on public or private nature, on the existence or not of an orientation towards profit and the presence of strong, weak or null ties with universities or with other research institutions, instead (Auricchio et al., 2014). In general terms, it can be said that incubators are organisms which belong to the broader

sphere of initiatives aimed at stimulating and supporting entrepreneurship and that they seek to combine technology, capital, professionalism and entrepreneurial experience to accelerate the birth and development of new businesses (Grimaldi and Grandi, 2005 as cited by Auricchio et al.,2014).

While there is no reached agreement on a definition of incubator as a single entity, according to literature there is evidence that incubators objectives can vary.
The reason why an incubator exists may go from the economic development of a disadvantaged area to job creation and the creation of start-ups in innovative sectors (Auricchio et al., 2014). As objectives vary, also the services provided by incubators can do so. As an example, the given support for new entrepreneurial initiatives often occurs through the provision of assistance and support services formulation of the business and commercial development plans, team development, funding research, and access to professional services specialists. Usually, this is accompanied by the offer of physical infrastructures (spaces, laboratories of research, etc.) and other facilities. Even though this might sound appealing and easy to access, most institutions share the idea that the entrepreneurial initiatives are supported for a limited period of time, at the end of which startups must become self-sufficient or fail (Auricchio et al., 2014).

While a startup may choose to be part of an incubator for diverse intentions, various literature shows mixed results on the existence of a positive correlation between incubators and startup growth and performance. Such an evaluation is made difficult by the heterogeneity of incubators along with a fragmented existing literature that uses a number of different definitions, criteria, and measures of performance (Albort-Moran and Ribeiro-Soriano, 2015 as cited by Lukeš, Longo and Zouhar, 2019). Several studies have found positive results of incubation on outcome variables. Colombo and Delmastro (2002) by focusing on new technology-based firms (NTBF) showed that on- incubated firms displayed higher growth rates than off- incubated firms. Similarly, Lasrado et al. (2015) by testing a population of university-based incubators in the US found that university incubators provide not only greater connectivity and legitimacy, but also a higher performance above and beyond the incubation period with respect to non- incubated firms. More specifically, Calcagnini et. al (2016) add that Italian universities (indirectly, university incubators) play a special role in attracting innovative startups, encouraging them to locate in proximity to such environments.

However, most studies have found only partial or indirect positive effects of incubation. Peña (2004) found that only management training and assistance services provided by the incubator were

important for growth. According to him, this was the result of the entrepreneur's own skills and some precise characteristics of successful start-ups. Phan, Siegel and Wright (2005) in their study about the dynamics and performance of business incubators or science parks found a lack of clarity between firm performance and incubators or science parks. Similarly, Ferguson and Olofson (2004) reported that firms in science parks have higher survival rates, but do not outperform firms outside of science parks in sales and employment growth (as cited by Lukeš, Longo and Zouhar, 2019). Moreover, some scholars such as Ensley and Hmieleski (2005) found that university-based startups are performing lower in terms of net cash flow and revenue growth with respect to independent new ventures. Even though there is no clear path in establishing whether there is a positive correlation between incubators and firm performance, it should come with no surprise that entrepreneurs are willing to seek proximity or distance to potential resource providers when they launch their new ventures, based on their environmental needs.

2.4.2 Startup accelerators

Even though the concept is still relatively new, there has been a recent increase of corporate accelerators worldwide. Accelerators can be defined as business entities that make seed-stage investments in promising companies in exchange for equity as part of a fixed-term, cohort-based program, including mentorship and educational components, that culminates in a public pitch event or demo day (Cohen & Hochberg, 2014a; Dempwolf et al., 2014, as cited by Tasic, Montoro-Sánchez, Dolores-Cano, 2015).

Since the launch of the first accelerator in 2005, the Y combinator, literature has attempted to contribute with different perspectives on the impact an accelerator has on startups. Some scholars such as Battistella et al. (2017) studied the effect open innovation offered by accelerators has on startups growth, finding a positive impact. Similarly, Wise and Valliere (2014) find that increased knowledge of accelerator managers reduces the risk of firm failures, which can be attributed more to differences in the amount of direct experience the accelerator management team has as founders in startups. Notwithstanding the interest in studying those aspects, according to Pauwels (2016) the literature evaluating the performance accelerators have on firms it has been quite vague (as cited by Del Sarto et al. 2020). Del Sarto, Isabelle and Di Minin (2020) contribute to the acceleration performance literature by examining the relationship between the participation in acceleration programs and firm survival of 38 startups, showing evidence that acceleration programs on their own do not have an influence on firm survival. More specifically, by analyzing how the structural factors (e.g firm size, industry sector, and technological nature) of the sample firms have an impact on their

performance and survival rate, the authors found that only technological-based firms and firms in the service sector who do not export show a positive relationship with accelerator programs.

As the aforementioned definition highlights, accelerators are designed to offer a potent approach to nurture innovations and create benefits for the company. While startups might be attracted to be part of such programs to decrease their degree of "newness" in the market and gain new competencies of fundings, on the flip side of the market, accelerators also serve as aggregators from the perspective of the VC investors (Hochberg, 2016). The concept of aggregation comes from the fact that by applying a screening process to select viable startups in the program, accelerators aggregate these candidates in a single location. In turn, this attracts the investors who might find other alternatives otherwise. Fehder and Hochberg (2019) by investigating the spillover effects of accelerators programs on venture- backed firms, examine whether the presence of such entities is able to produce local entrepreneurship and thus attract funding. While prior studies have found that the presence of accelerator program results in fostering new entrepreneurial entry (Giannetti and Simonov, 2009; Markussen and Røed,2017 as cited by Fehder and Hochberg, 2019), Fehder and Hochberg (2019) found that the presence of an accelerator increases the number of seed and early stage VC investments, thus having a spillover effect on the entrepreneurial ecosystem. Moreover, by creating such dynamics, the regional entrepreneurial capacity will also enjoy the presence of different investors investing in the region, resulting in an increase of the overall active investors regional capacity.

The increase of investing activity may thus result in a shift of investment and startup activity from other regions to the location where the accelerator is established (Fedher and Hochberg, 2019). Since for accelerators founders it is of primary importance to retain local companies in the home region and avoid the migration of startup activity elsewhere (Fedher and Hochberg, 2019); it may be inferred that the presence of accelerators might have an influence in the startup location choice, specifically in term of funding access and support in the early stages of their business activity.

2.5 Internationalization

The term *Internationalization* is associated with the process undertaken by firms to gradually enter the international environment (Johanson and Vahlne, 1977). While in the past this concept was mainly associated with only large firms seen as main characters of the process, nowadays there is the tendency to also see smaller firms play a role in it. One of the main reasons behind this is found to be

in globalization, which has lowered the market barriers and allowed several industries in the business environment to face one another in a new competitive setting. According to Etemad (2004) firms are now forced to compete side by side and, regardless of their size, in order to survive they must compete at least in their regional environment, if not in the global one. Indeed, according to the author, it is almost impossible to see independent firms *"taking refuge in their traditionally protected markets"* (Etemad, 1999; Fraser and Oppenheim; Levitt, 1983 as cited by Etemad,2004, p. 1).

Due to the continuous change the business environment is now facing, there have been some contradictions in literature concerning the actual process of internationalization, so to say the steps firms undertake in order to expand in a global environment. While some authors such as Johanson and Wiedersheim-Paul (1975); Johanson and Vahlne (1977); Bilkey and Tesar (1977) and Cavusgil (1980) believe that firms undertake a slow process of internationalization due to their lack of knowledge about foreign markets, others believe that this step by step model is too deterministic and of limited value instead (as cited by Madsen and Servais, 1997). Recently, some authors found more evidence of a step by step process of internationalization limitations; supporting the idea of the possibility of seeing firms aiming at an international market right from their birth, which are now known under the name of "Born Globals" (Madsen and Servais, 1997).

Even though literature has not reached a general consensus on the structure and timing of an internationalization process, it seems that there are also other areas on which scholars do not have unanimity in. Indeed, while some authors (e.g. Hennart, 2007) believe that a firm expanding to another nation always experiences incremental benefits over incremental costs, Farok (2007) challenges this view bringing light on different factors. According to the author, in the early stage of the process firms in addition to encounter the so-called *liabilities of foreignness* (Zaheer/Mosakowski 1997 as cited by Farok, 2007) or the difficulty to establish in a new setting with foreign market institutions- firms may face high costs in learning the new nation's culture (Doz,Santos/Williamson, 2001) as well as different local adaptation costs (as cited by Farok,2007). Thus, in this particular stage, the firm is not able to experience positive benefits coming from the process of internationalization. According to Farok (2007) the only momentum in which the firm is able to enjoy some particular payoffs is in the so-called *later stage*. More specifically, in this stage firms enjoy the acquisition of new knowledge, accessing cheaper inputs, accumulation of market power, geographical diversification and internationalization experience (Farok, 2007).

Notwithstanding the challenges or benefits every firm could enjoy from the process of internationalization, some firms may consider this specific type of strategy as a re-location choice. Firms are always trying to adjust based on the different market needs, customers preferences, environmental regulations and technological progress. While this process can vary based on the firm's needs, the relocation process can take different forms. According to Pellenbarg et al. (2002) the firm relocation is defined as a change of address of a firm from location A to location B. In addition to the location factor, firm migration can be driven internally, when a firm can choose to relocate its *"production originally based in country (A) – whether the home or a host country – to another country (B)"* (Savona and Schiattarella, 2004) and externally, when a firm chooses to outsource its production abroad, with various degrees of externalization (Savona and Schiattarella, 2004). Overall, according to the literature, the main forces driving firm relocation are expansion and the need for more suitable premises (see among others Klaassen and Molle 1983; Pellenbarg 1985; Lloyd and Dicken 1992; Hayter 1997; Pellenbarg et al. 2002 as cited by Brower et. al 2002). According to Brower et. al (2002) a second reason for firm relocation is cost saving, since firms aim at taking advantage of favourable cost conditions in other locations i.e., due to wage differentials, scale economies, energy prices, local incentives or other factors. Moreover, access to raw material and energy sources and market-oriented strategies are other prevailing motivations (Brouwer et al. 2002).

2.6 Literature review- Part conclusion

In this section we have focused on identifying relevant researches for the literature on location choice. Despite the fact that this academic field is quite voluminous, most studies focus on either analyzing specific drivers influencing location choice or on factors impacting specific industries or sectors, with no insights on the startups world. While in the past, manufacturing firms were mainly seen as being constrained by the presence of factors such as raw materials, labor, market, capital and transportation in their choice of location; the increase of change in the present world has seen firms shifting their focus from a profit seeking location to other drivers which might impact their business environment. Among those, the proximity to transport and the consequent link to land use seems to be valuable drivers to focus upon, as well as the presence of tax rates and environmental regulations. However, recent literature suggests mixed results for the aforementioned drivers on their impact on location choice for new businesses. For what concerns drivers influencing specific industries, proximity to other firms seems to play a vital role, at least while focusing on firms within the high-tech and automotive industry sector. The interest on location choice has also gained the attention of

multinational enterprises, which likewise show a tendency to locate in proximity to countries as a function of both geographic distance and distribution of knowledge, markets and resources.

The proximity dynamics drove us to concentrate on analyzing cluster dynamics within firms, and how those might influence firm's location choice. The literature on this matter generally shows a positive relationship between the presence of clusters and firms' growth. More specifically, Delgado (2018) finds that startups are able to benefit from clusters dynamics in terms of generating new externalities which are able to lower barriers to new business opportunities, thus having an impact on the business survival and strategy.

Moreover, firms by establishing in a good environment also tend to obtain new ways of funding, which are seen to be one of the most important drivers for forming their business structure.

For this specific matter, we have decided to focus on investigating whether startups are influenced by the presence of Venture Capitalists in choosing their location, since those are recognized to be the most prominent form of external funding in the entrepreneurial setting. Furthermore, we took into account the role incubators play while firms choose their location. While those entities are seen to act as supportive structures for these new businesses, most studies have found only partial or indirect positive impact on startups performance. Finally, we considered internationalization as a possible driver of re-location for firms, due to the recent tendency of smaller firms taking a role in this process.

3. Methodology

In this section we elaborate the overall research design and the methodological approach to data collection for this thesis. Furthermore, we will present central limitations which apply to our research.

3.1 Deductive and Inductive approach

In this thesis we have mainly used a deductive approach to our study. We followed the idea of deduction as we tested the implications of the existing theories from which we have acquired knowledge for (Granheim et al. 2017). We did this in order to investigate our problem area- namely which drivers are influencing startup location choices. However, we also worked inductively. The inductive approach sees the researcher moving from the data to a theoretical understanding, in other words we moved from the concrete and specific to the abstract and general (Granheim et al. 2017) As an example, our results could be generalized to have further insights about which drivers are most influential in the process of startup location choice in the incubator panorama.

3.2 Study design

As we are investigating which are the most influential drivers affecting startup location choices, we decided to use an instrumental case study to support our research. An instrumental case study is used to accomplish something more than just understanding a particular situation. In other words, the case assumes the characteristics of a supportive entity thus facilitating the understanding of something else (Baxter and Jack, 2008). Moreover, while considering I3P as our main point of reference, this study could be considered as a single case study as it is an *"in depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, or system in a "real-life" context"* (Simons, 2014, p.457).

Even though the use of single case studies might be associated with the impossibility to generalize, by interpreting and analyzing the reader begins to generate a theory of the case which makes sense for the whole (Simons, 2014). As a matter of fact, it is possible to identify a particular process *"that is transferable to other context, irrespective of the precise content and context of those other cases"* (Simons, 2014 p. 465). Based on the above reflections, we have launched a survey in which we investigated which drivers were considered as most influential for startups while considering their location choices. Based on the survey study, our primary data is therefore presented as a quantitative method enhanced further by the conduction of two qualitative interviews with the founders of

TUC.technology. TUC.technology is one of the startups which belongs to the incubator- I3P- chosen as the sample for our research delimitation. Both our quantitative and qualitative methods will be described more in detail in the next section.

3.3 Quantitative method

In the following section we will present the quantitative methods that have been used in the thesis data collection. The collection of quantitative data is primarily based on the survey that we have worked out.

3.3.1 Survey

Surveys are considered to be a key tool not only in the economic field but also in social sciences; to understand how society works and to test behavioral theories (Groves et al, 2008). We will describe both theoretical and technical considerations, which are part of the preparation of our survey questionnaire. Even though the questionnaire as a discipline has met some criticisms over time (Groves et al., 2008) such as the sampling error- or the statistical error due to the omission of some people in the population, we would argue that the survey method gives us a unique opportunity, in relative terms, to gain an insight towards how startups perceive and identify their most influential drivers. In choosing our data collection method, the survey represents our primary source of data. In this matter, the respondents often constitute a representative sample of the study population.

3.3.2 Distribution

With the purpose of examining which drivers startups consider while choosing their location, we decided to construct a survey evaluating those drivers.

The questionnaire has been completed and collected with a survey program platform called Qualtrics.com. We gained access to this platform through the Copenhagen Business School website dedicated to students. The survey was firstly distributed through the newsletter of the I3P incubator (Appendix B).

The possibility to be in the incubator's newsletter gave us the opportunity to reach out to our targeted market more easily. Moreover, a reminder email, was sent out at a later stage. This was considered as the last follow-up in order not to pressure our respondents, also under the assumption that more reminders would not increase the number of participants in the survey. The email contained the name of our University in the subject field, while in the body text we explained the purpose of our survey. The email address used to send out the survey was the one from Copenhagen Business School. Even

though it is a less known service by others, we thought it was more legitimate to use this channel, also to be in conformity with the purpose of our study. Finally, to ensure a higher response rate, respondents could access the survey through an anonymous link showing the name of our University. The respondents could access the survey through different technological devices, such as phones or computers.

3.3.3 Choice of respondents

As briefly outlined before, the population of interest for our Master thesis are mainly the founders/co-founders of startups. However, in our survey we also gave the opportunity to the people working for the startup to participate in the survey. As a matter of fact, due to the characteristics of these business entities, other people who are working in the startup company might have the sufficient knowledge in evaluating the drivers of the startup location choice. Despite our population demarcation which consists of startup founders, we cannot from a resource and temporal perspective make a total count of all units in this population. For this reason, the conducted survey can be described as a randomized survey.

The total count of survey respondents is methodically considered to be the most representative, since the sum included most units in the target audience. Sampling consists of selecting a small subset of a population, which is representative of the whole population instead (Fowler, 2013). We will use the selected sample to make general insights and conclusions about our research.

3.3.4 Survey construction

In order to construct a good survey, it is first of all necessary to have a good knowledge and insights into the field you want to look into. As a matter of fact, prior to the construction of the survey, we have acquired knowledge of the subject field from official documents from the location choice literature, which can be considered as a preliminary study for the quantitative method. Moreover, in order to ensure the validity of our survey, each question we developed was either inspired by some arguments brought up by our interviews or already discussed in the literature. While doing this, we ensured to both have a parameter of evaluation but also the possibility to evaluate to which extent those results were applicable to the current startup working environment.

3.3.5 Order and topics

Nowadays web surveys, in addition to being considered one of the fastest ways to collect information at almost no cost; can have some drawbacks which might be undervalued at first.

Hoffman (2000) argues that interpretative rules are central in visual processing and are responsible for abilities such as depth perception, and that the rules for interpreting visual stimuli can sometimes lead to some misinterpretations (as cited by Tourangerau et. Al, 2003). Moreover, it is known that it is of greater importance whether the order of questions and the subjects of the questionnaire seems natural and logical to the respondents, since they will answer more quickly and more accurately (Dillman and Christian, 2003 as cited by Tourangerau et al., 2003). Before starting the survey, the respondents were faced with a small introduction, in which we explained the purpose of the study and how we will use the collected data in our research. Respondents, in this particular phase of the survey could also choose the language in which to complete the survey in (English and Italian were the languages available, see Appendix C).

In order to avoid a gap in our data collection, respondents could not skip questions while completing the survey. In this case, the internal lapse- which corresponds to people leaving the survey- could only occur if the respondent was not feeling comfortable in answering certain questions or if there was a lack of knowledge in the respondent's area. Moreover, in order to reduce the amount of respondents not completing the survey, we have introduced a progression bar at the top of the page, in order to give the respodents a point of reference in how far they were in the questionnaire completion, thus estimating more or less the time left.

3.3.6 Question types

In the survey design, it is also important to consider how the questions are set up and what opportunities the respondents have to answer those questions. It is generally known that the most appropriate way to work with survey questions is to have closed questions (Kelley et al., 2003). The reason behind this is that pre-articulated answers are less time consuming and easier to code and analyze for the researcher. Our survey had six open questions and twenty-six closed questions. The open questions were mainly useful to have some data about the country of origin, foundation date, name of startup and some reasoning behind the influence of specific drivers (if selected). While we are aware that such responses can be time consuming, and more demanding for respondents, those might give useful insights into a topic (Kelley et al., 2003). As a consequence, even though those answers cannot be easily processed statistically as the closed response options, we considered that information necessary in order to evaluate our data.

Moreover, while the total number of the survey questions amounted to 32, some respondents might have been faced with less questions due to the fact that some of those were dependent on the previous

question answer and thus displayed to the respondents only in specific circumstances. As stated earlier, the overall purpose of the questionnaire is to investigate which drivers are considered as most influential in startup location choices. Thus, most of the closed questions were based on the respondent's decision between options which formed a scale. In the questionnaire the scale was formulated as follows:

Not at all important, Slightly important, Moderately important, Very important, Extremely important.

We hereby follow the guidelines of the American social psychologist -Rensiens Likerts- to measure respondents' attitudes, best known as Likert scale.
The answer categories contained five answer options which represent sufficiency for the respondent to be able to express his position and at the same time keep the number of options clear. Where there was not the implementation of the likert scale, for some questions we gave the respondents different options to choose among. While doing this, in order not to limit the study to the factors coming up from the literature, we chose to insert an "other" field option as an open answer if the respondent wanted an unequal factor. The clarity and choice of response options will be elaborated further in the next section, where we explain the pilot test performed on our questionnaire.

3.3.7 Formulation

In addition to the consideration of the amount of open/closed questions and the different answers options respondents would face in our questionnaire, we also focused on questions wording. We thought it was wise to use professional language, since our target audience are professionals/ entrepreneurs with academic knowledge. At the same time, in order to make it easier to respondents, we explained terms which were not common in order to avoid misunderstanding in the data collection.

3.3.8 Introduction

To ensure clarity and the general topic understanding, we initially gave an introduction to the survey. Unfortunately, we cannot assure that the respondents have read the description, but we expect it to help them provide their answers. In the introduction, we specified the purpose of the survey and how the data collected will be used. In order to avoid lapse, we did not specify the actual time (6 min),

but rather inserted a progress percentage bar. We were based on the adage that the shorter a questionnaire, the bigger the response rate.

3.3.9 Pilot test

Prior to the official distribution, we tested the survey by sending it to a smaller group of target respondents. More specifically, those two respondents were chosen carefully among our network since they were already part of the start-up environment. Particularly, those startups have been founded in Denmark, Copenhagen. Piloting is an important feature of the research, since it allows the researchers to understand if the questions are clear to all of the respondents, but more importantly if they have the same meaning to all of them (Kelley et al., 2003). Also, by getting the test responses, we got the possibility to test all the questions, the number of answer options, misspellings as well as technical complications that could arise while running the questionnaire. After the test group answers, we contacted the test respondents and took the feedback comments into consideration. The above pilot test resulted in asking more clarification in some questions wording, which we adjusted accordingly. Moreover, there were some technical errors with the display connection of some questions. When the pilot test was completed, we deleted the answers, so that we avoided having those in two different versions of the survey.

3.3.10 Layout and setup

In addition to the above considerations for the survey design, we also focused on the appearance of the questionnaire as we are aware that the respondents' attention may be distorted by the amount of available surveys online. From Qualtrics.com survey platform, it was possible to choose different themes, which at the end we decided to be blank and minimal. This was done in order not to give the survey a look of dull, but rather a professional one.

Of course, disruptive themes were deselected, and we therefore thoroughly tested the layout before distributing the questionnaire. In addition to the theme and setup, we also chose an easy-to-read style so that we avoided any error sources induced by it. In connection with the questionnaire setup, we were also aware that the assessment questions- all of which were formulated by "Please specify" were also typographically in the same layout.

3.3.11 Answers received

Of the 45 answers received, as explained before three of them were used as pilot test and thus not considered in our data collection. Moreover, four were deemed to be either duplicates or empty

responses. In one case, answers were almost identical and were received in a timeframe very close to one another. As a consequence, our understanding was that the participant had clicked on the reply button twice or faced some issue with the active link. For what concerns the empty responses we double checked there was no registered data and removed them from the data collection in order not to face any issue or bias in our analysis. Overall, we can conclude that our survey response rate is quite high, corresponding to a percentage of 92,85% (38 startups).

3.4 Qualitative method

As mentioned in section 3.1 of the thesis study design, we use both quantitative and qualitative method approaches to our study. In the following section, we will therefore introduce our qualitative methods, which have been used in the preparation of this Master thesis to support our quantitative methods.

3.4.1 Interview

As previously outlined, we will examine which drivers are influencing startup location choice. While it is relatively time-consuming to find useful information only through qualitative methodologies, we do not believe that the qualitative interviews should be excluded as a method to investigate our research topic, this is why we also conducted two of them. The following sections will describe how we got started with the work, how we conducted the interviews methodically, and how we targeted our respondents. The qualitative research interview applied combines several thoughts in our approach to prepare, conduct and analyze the interviews. The different interview elements we combined will be presented in the following sections.

3.4.2 Semi-structured interview

In preparation for our interview, we designed an interview guide that we could use in order to conduct our interviews. Unlike the survey questions, the interview guide is not a rigorous guide in which specific questions will be answered, depending on what is being answered on the background of filters directions. By contrast, the advantages of having semi-structured interviews are that we were able *"to obtain retrospective and real-time accounts by those people experiencing the phenomena of theoretical interest"* (Gioia et al, 2013) and attend the complexity of our research topic (Galletta, 2013, p. 24). While we conducted the interviews, we were two interviewers. This was done in order to avoid adopting the informant's point of view and thus be deviated from the higher-level perspective necessary in order to collect meaningful data (Gioia et al, 2013). Moreover, this setting gave us the

advantage of having one person who could follow our own interview guide, to make sure we got what we wanted. The other person was focused on the specific responses of the interviewee, instead. When conducting the interviews, we were asking clear questions and follow up questions. We endeavored to be attentive listeners and showing understanding, respect and interest in the interviewee responses. The interviews have been conducted in different days, in order to give the respondents time to elaborate our request. Finally, the assumption behind is that those conducting interviews -hereby ourselves, as the authors of this Master thesis- have an in depth- knowledge of the topic, to be able to use the interviews to acquire new perspectives on the investigated phenomenon.

3.4.3 Interview person

Below is a brief description of the person we have chosen to interview and the thoughts we have made our choice upon. It is of fundamental importance to choose the right respondents in order to gain the maximum output from the interview process, since this will influence the data collection and the analysis (Galletta, 2013). We informed the participants directly via email and gave them sufficient information about the purpose of our research, the degree of their involvement (e.g. time) and how we will use the collected data (Galletta, 2013).

3.4.4 Ludovico Campana and Sergio Pininfarina

As mentioned before, the main focus of our Master thesis has been to examine which drivers are most likely to influence startups location choices. For this reason, we found it relevant to interview the people who have the daily responsibility in their startup, namely TUC. technology.

Ludovico Campana and Sergio Pininfarina are the founders of their startup based in Turin, Itay. In addition to having a clear picture about the environment in which their startup operates in, we thought they could give us some more insights on which factors they considered while locating, which might not be present in the literature field. We have conducted one interview for each of them. The first one, which was directed to Ludovico Campana has assumed the characteristics of a more exploratory interview; while the one to Sergio Pininfarina touched more in-depth questions which aimed at understanding better which drivers they considered as influential for their startup. While doing this, our interview approach to respondents was to not assume any labels ex-ante. Thus, the basic assumption we have had is that "*[...] the people constructing their organizational realities are 'knowledgeable agents', namely, that people in organizations know what they are trying to do and can explain their thoughts, intentions, and actions [...]*" (Gioia et al, 2013, p. 17).

While we started to collect our data with the survey, we were amazed by the business activity conducted by TUC.technology, not only in terms of the number of international partners they have (e.g Lavazza, Bosch, Intel just to name a few), but also in terms of their achievements obtained in such short period of time. Also, the approach the startup uses toward the automotive industry- "Be big, since the smaller do not have place" is something in which we also reflect ourselves in. Indeed, perseverance, coherence and strong vision is both reflecting the startup vision as well as our general approach to life. Therefore, we considered this as a valuable reason behind the choice of TUC.technology as startup for the collection of our qualitative data as a follow up from their survey response.

3.4.5 Other qualitative data

In addition to the interviewee conducted with the two founders of TUC.technology, Ludovico Campana and Sergio Pininfarina, we have collected further qualitative empiricism, which we used in our thesis development and investigation of our problem formulation. This additional data mainly consists of secondary sources, such as websites, articles, news and documents from official government bodies.

We considered the use of TUC.technology website as a good means where to find information relevant to the company, investments etc. This information was also helpful to assess whether the data collected is relevant and legally updated.

3.4.6 Data analysis and interpretation

After having conducted the interviews, it is important to devote some time in analyzing the data collected in order to draw some meaning from it. While analyzing, we followed Galletta (2013) suggestion and proceeded in labeling the data, using terms that reflect the meaning generated by them. While doing this, we found some data which introduced new dimensions previously unexplored in the literature. We took advantage of this trend and involved in the analysis a close reading of the data, looking for thematic patterns which offered a meaningful response to the research question. Analyzing and interpreting data leads to another thing to be aware of because the subjectivity of both researcher and informant can lead to difficulties in interpreting data and the meaning behind it (Simons, 2014). Moreover, here it is relevant to mention that we might take our subjective understandings with us into the interpretation of the interviews. The interviews were transcribed, and

we are aware that since an interview is a conversation there are important nonverbal elements. Thus, it is important to give importance to pauses and how respondents say it (Kvale, 2008). As Kvale recommends, we took the analysis into consideration already when planning the interviews and asked follow-up questions if we were unsure about the meaning of the interviews thereby trying to avoid misinterpretation.

3.4.7 Ethical considerations

For our interviews we have had several ethical considerations. It is our responsibility as researchers to ensure that we have interpreted the interviewees statements fairly and that we have considered potential negative consequences for them during our data analysis. We have endeavored to ensure that the respondents have given informed consent and were treated according to good research practices (Kvale, 2008).

4. Analysis

4.1 Italian startup background

A country could be more inclined than another to offer fertile ground to host new innovative businesses. However, the lack of investment in innovation and the technologies needed to develop new ideas, might be influential in pushing new businesses away.

In the past, Italy has always been a point of reference in different business areas; those ranging from science, technology, culture and life-style (Di Camillo et al, 2012). Over the years, Italy has been recognized for its excellence, and has been capable of transforming some industry sectors- such as manufacturer, automobiles, fashion- to a high level of quality, to the point of also being recognized from other countries as a market leader (Di Camillo et al, 2012). However, in order to maintain such advantage, it is necessary to have a high level of flexibility and degree of innovation, not only to attract a young pool of entrepreneurs, but also to make Italy a desirable place to establish new businesses in.

Since 2009, Italy has faced a severe crisis, especially in employment. This has made it difficult for the country to meet the growth rate needed to satisfy its needs. Meanwhile, the new trend of establishing new innovative businesses was increasing and thus pressuring the Italian Government to meet some of the basic needs of these new entrepreneurs. In order to boost the country's growth, and to set favourable conditions for a new culture inclined towards innovation, the Italian Government has implemented the Decree-Law No 83 in 22 June 2012 (Urgent measures for growth in Italy) (Barilli,2015). The Decree, in addition to promoting the establishment and the growth of new innovative enterprises with a high technological value, has introduced the term "innovative startup" into the Italian legal system defining it as *"a company with shared capital (i.e. limited companies), or a cooperative, whose capital shares are neither listed on a regulated market nor on a multilateral negotiation system"* (DL 18 ottobre 2012, n. 179, as cited by Barilli, 2015). The Decree-Law has been arranged in order to favour the development of these types of companies, supporting innovative entrepreneurship and favouring it as a key path for industrial policy to follow.

Albeit the fact that the Italian business environment mostly comprises Small Medium Enterprises (SME), and thus it is less attractive in terms of financial investments, the attention devoted to these new types of businesses has been fundamental to retain young and innovative people who have gone otherwise, instead. According to the Italian Ministry of Economic Development (MISE), in 2019 the

number of active startups in the Italian panorama has amounted to 10.882, showing with respect to previous years a positive trend (Startup innovative, 2020). Thanks to the different measures adopted by the Italian Government, there is now the adoption of similar mechanisms as other countries (e.g fiscal incentivisation direct to investors). However, it is important to underline that notwithstanding the interesting performances, the ecosystem suffers some problems which, in the long run, might undermine its growth (Italian Innovation Ecosystem, 2020). According to the Italian Startup association, those problems are mainly identified with access to investments (there exist differences with countries such as Germany or France), difficulties in accessing new talents and lack of simplicity which results in an inefficient bureaucracy. As a consequence, it is of fundamental importance to sustain such new businesses to keep and reinforce the already mise-en-place normative to consolidate the established innovative panorama and make it competitive in the market.

4.2 Incubators in Italy: a brief overview

In the last few years, there has been an increasing attention devoted to entrepreneurship as the engine for economic and social development (Zahra and Wright, 2016) and as a consequence, to all the activities connected to it (Aernoudt, 2004). A particular important sector for entrepreneurial development is considered to be found in incubation activities (Gonzalez-Uribe and Leatherbee,2017). According to Auricchio et al (2014), in Italy the first forms of incubators started to begin in the 80's with an initiative started from the public sector. The objective was mainly to help the economic development of undeveloped areas. In order to support this economic development, at the end of the 80's also scientific and technological parks started to launch incubation projects with the aim of pursuing the expansion of new innovative businesses (Auricchio et al, 2014).

Due to the increasing incubation trend, after the 90's also other types of incubators started to rise. Known under the name of University incubators, those entities were more focused on transferring academic scientific and technological knowledge while maintaining the same objective as the public ones. The authors, in addition to the aforementioned different incubators, identified a fourth typology of incubator in the Italian panorama (Auricchio et al., 2014). Born in 2000, private incubators are seen to prevalently operate in the Internet sector, sometimes also assuming the characteristics of venture capitalists.

Following the incubator's evolution among time, the number of those entities has been rapidly increasing (Il sole 24 ore, 2020). According to a research conducted in 2019 by the Social Innovation

Monitor (SIM) - an analysis developed by a research team from different universities, with base in The Polytechnic University of Turin - in Italy there exist a total of 197 incubators. In terms of their diffusion, almost 60% of the incubators' population is established in the Northern part of Italy, where 26,4% of them are settled in Lombardy (Social Innovation Monitor, 2019). Notwithstanding the uneven diffusion of incubators among the Italian territory, the number of incubators has seen a growth from one year to the next of 15,2%, not only in the northern part of Italy, but also in the south and islands (Social Innovation Monitor,2019). Due to the increase in the number of incubators, the number of startups willing to be part of such environments also boosted; showing a positive trend of 15,6% from 2017 to 2018 (Social Innovation Monitor, 2019).

The distribution of incubated startups follows more or less the incubator's tendency, showing an evidence of more than 70% of startups located in the northern regions in the following order: Lombardy, Pindemont, Veneto and Tuscany (Social Innovation Monitor, 2019). The presence of startups in the southern part of Italy and island showed a slight increase from 2017 to 2018- precisely 4,4 percentage points (Social Innovation Monitor,2019). These large awards underline the increasing importance of incubators, found in 2018 to be worth 391 million in total (Il sole 24 ore, 2020).

Figure 5. Distribution of Italian startups according to regions (Social Innovation Monitor,2019).

4.3 I3P

As briefly outlined before, a new emerging incubator model is represented by Universities.

I3P falls within this category, since it is a technology incubator of Polytechnic of Turin, Italy's second largest technical University. The University, in addition to being ranked within the 33% best performing Universities globally in QS2019, it counts almost 33,000 students divided among postgraduate (36%) and undergraduate (64%) with the presence of about 1008 lectures (QS Ranking, 2020). I3P is located in the northern part of Italy, in the city of Turin. The city has always been recognized by having industry tradition, which has progressively moved from textiles in the nineteenth century to the automotive in the twenties (Cantamessa, 2016). According to the author, during those years Turin was seen as the "Italy's Detroit" not only due to the focus on the automotive

industry, but mostly to the presence of the single carmaker FIAT (Cantamessa, 2016) which was recognized as the most relevant industry in terms of business activity.
Notwithstanding the importance this industry assumed for the city of Turin and its surroundings, in order to be able to compete with others Italy needed to make the environment more competitive. In order to achieve this goal, the focus was put on new innovative businesses, which could be stimulated by the presence of incubators. As a matter of fact, in the recent decades, incubators have acquired more importance in terms of encouraging the process by which new businesses are created and supported through their growth. In addition to the general characteristics each incubator might share, the University incubators can be defined as an "entrepreneurial university", where entrepreneurship can be viewed as a practical avenue for technology transfer, and more generally as a mindset which permeates the institution at a more general level (Cantamessa, 2015 as cited by Cantamessa 2016).

I3P, adopts the strategy of relying not only on entrepreneurial ideas within the university (which is able to act as a pool of technical and scientific expertise) but also on scouting ideas across the region (Cantamessa, 2016). According to UBI Global World Rankings of Business Incubators and Accelerators, going beyond the university environment is one reason of I3P success, which is reflected on its recognition as the best public incubator on a global scale (I3P, 2019). By counting a total of 42 startups in their portfolio, firms within the incubator have raised a total seed and early investments for 13 million Euros and reached about 90 million Euros of aggregate post- value money (I3P, 2019).

4.4 Results

In this section, we will display the data gathered from the survey.

4.4.1 Descriptive and inferential statistics

Firstly, we want to specify what kind of data we did gathered, and which are the optimal ways to represent and visualize the data we obtained from the survey. We rely on both *descriptive statistics*, as it is considered to be a way to help us collecting, summarizing, presenting and analyzing our set of data (Berenson, Krehbiel and Levine, 2012) and *inferential statistics*; useful to draw conclusion from a small group to a larger one (Berenson, Krehbiel and Levine, 2012).

4.4.1.1 Categorical and numerical variables

Following Berenson, Krehbiel and Levine (2012) variables classification, there are *categorical* and *numerical* variables, being the *variable* defined as a "*characteristic of an item or individual"* (Berenson, Krehbiel and Levine, 2012, p. 5). While a *categorical variable* is something that can only be placed into categories and thus can take on one of a limited, typically fixed, number of possible values, a *numerical variable* is also known as *quantitative* variable since it represents numbers. By having the characteristic of representing quantities, the numerical variable can also be categorized between *discrete* and *continuous* variables. Numerical *discrete* variables "*have numerical values that arise from a counting process"* (Berenson, Krehbiel and Levine, 2012, p.7) and thus they can usually be counted in a finite matter. Numerical *continuous* variables "*produce numerical responses that arise from a measuring process"* (Berenson, Krehbiel and Levine, 2012, p.7) and they can take on an uncountable set of values, instead. Notwithstanding the different type of existing variables, for the purpose of this analysis we will rely exclusively on categorical variables, since those represent the data extracted from our survey. As we decided to follow this analytical path, in order to represent and summarize the data gathered from our survey we will solely use histograms (both vertical and horizontal ones) and pie charts. The reason behind this is that those are identified as the instruments which will help us to study patterns that may exist between the responses of two or more categorical variables (Berenson, Krehbiel and Levine, 2012). The only exception to the use of graphs is represented by a world map, used to show the geographical distribution of the respondents' startups operations, as we thought it was the clearest and most immediate way to represent that specific variable.

Moreover, most of our qualitative metric is composed by five possible evaluations; namely "Not important at all", "Slightly important", "Moderately important", "Very important", "Extremely important". For the purpose of this analysis, we will also assign a numeric meaning to these categorical values. The numerical scale goes from 1 to 5; where the value "1" corresponds to "Not important at all" and the value "5" corresponds to "Extremely important".

4.4.1.2 Mean and standard deviation

While analyzing the obtained results, we will also refer and rely on two statistical concepts, namely the *mean* and *standard deviation*. While the *mean* is *"the sum of the values in a sample divided by the number of values in the sample"* (Berenson, Krehbiel and Levine, 2012, p.96); the *standard*

deviation is "*the square root of the sum of the squared differences around the mean divided by the sample size minus 1* (Berenson, Krehbiel and Levine, 2012, p. 103).

For the purpose of this analysis, we found the mean to be useful as a reference point since in addition of acting as a balance point in a set of data, it is the only common measure in which all the values play an equal role (Berenson, Krehbiel and Levine, 2012, p.96). The standard deviation is helpful to see how a set of data clusters distribute around the mean, instead.

4.4.1.3 T- test

The t-test is one of the most widely used statistical tests that can be performed to compare the means of two groups. T-tests can be divided into two categories. There are the *independent t-tests*, which are performed between two independent groups of each other; and paired *t-tests*, which can be used when two groups under comparison are dependent on each other (Kyun, 2015). This test is mainly used when two groups are *treated* differently or are based on *different assumptions*.

Also known as *Student's T-Test,* this statistical analysis technique requires the normality of the sample mean; a sample variance scaled $\chi 2$ distribution ("Normal distribution"), and the sample mean and sample variance to be statistically independent.

Following the Central Limit Theorem, sample means of moderately large samples can often be well-approximated to a normal distribution, even if the data is not normally distributed. If the data do not follow a normal distribution, the distribution of the sample variance may deviate substantially from a $\chi 2$ distribution. However, if there is a presence of a large sample size, the Slutsky's Theorem states that the distribution of the sample variance has little effect on the distribution of the test statistic. Under the assumption that the two samples display a normal distribution and have an equal variance, the t statistic is as follows:

$$t = \frac{(\bar{X}_1 - \bar{X}_2) - (\mu_1 - \mu_2)}{s_{(1+2)}\sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \sim t\,(n_1 + n_2 - 2)$$

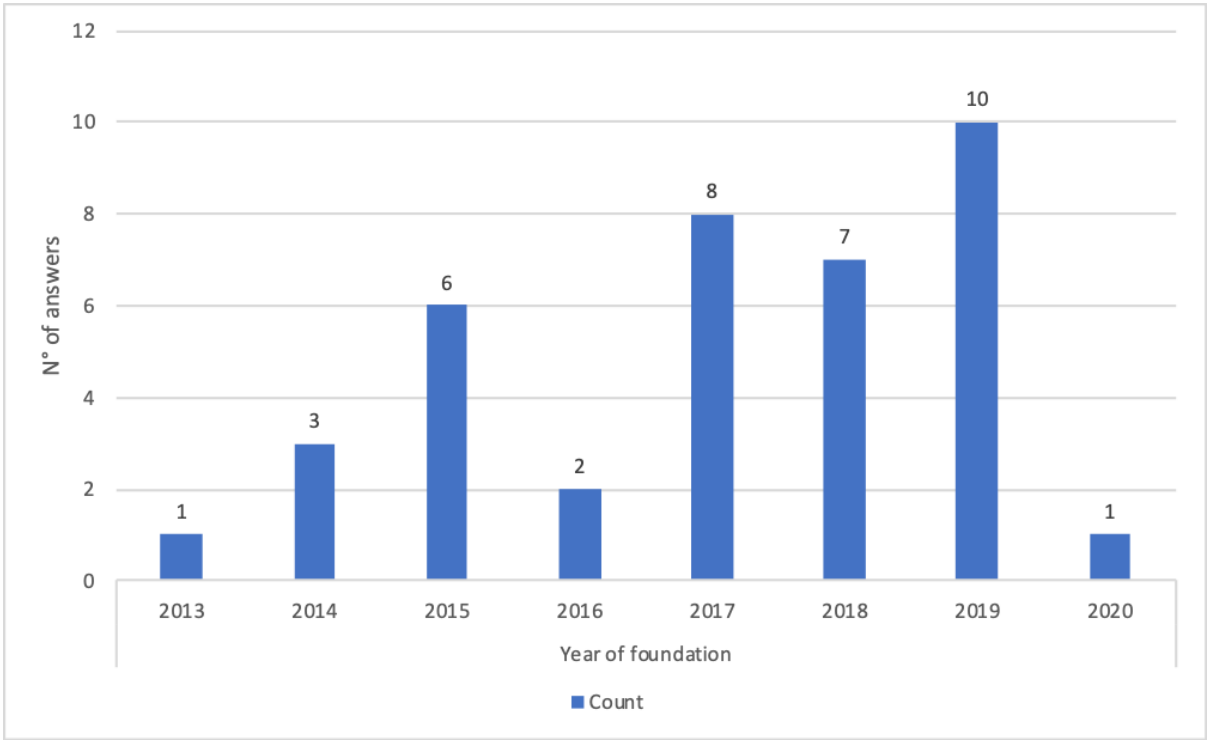
Source: Kyun, 2015

We will rely on the use of the t-test in order to compare the relationship between our variables.

4.4.2 General Characteristics of Respondents

Before starting the survey, respondents were faced with some general questions which included the startup name, year of foundation, industry in which they operate and country of origin. We considered those questions useful in order to obtain some generic data to gain a more comprehensive idea on the environment in which those startups operate. While faced with the year of startup foundation, respondents could insert the answer in an open field tab. Of the startups which took part of our survey, 65,8% of them has been established between the years 2017-2019. Thus, it can be easily inferred that the majority of our pool respondents is living the *early growth* stage of their business. In this particular period, the market is seen to become aware of the products/service/ software offered by those new ventures and thus customers start to buy them, consequently shading some lights on the founder's ideas and business models. In general terms, the portfolio of companies that chose to respond have also established their business before the major tendency, collocating the year of foundation of their startups between the years 2013 and 2016.

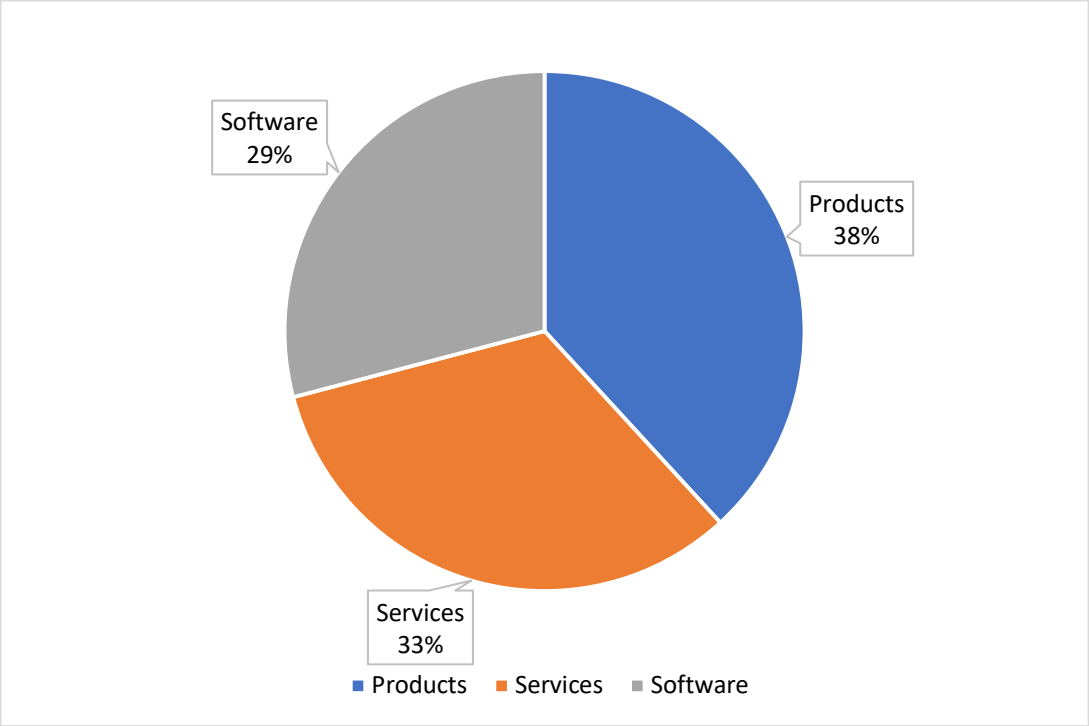
Question Q2: "Startup year of foundation". Open field answer



The chosen startup sample seems to show an equal distribution between the startup core businesses. Respondents, while faced with the option of products, services or software as the main business areas in which they could operate, show that they are almost equally spread between the available options.

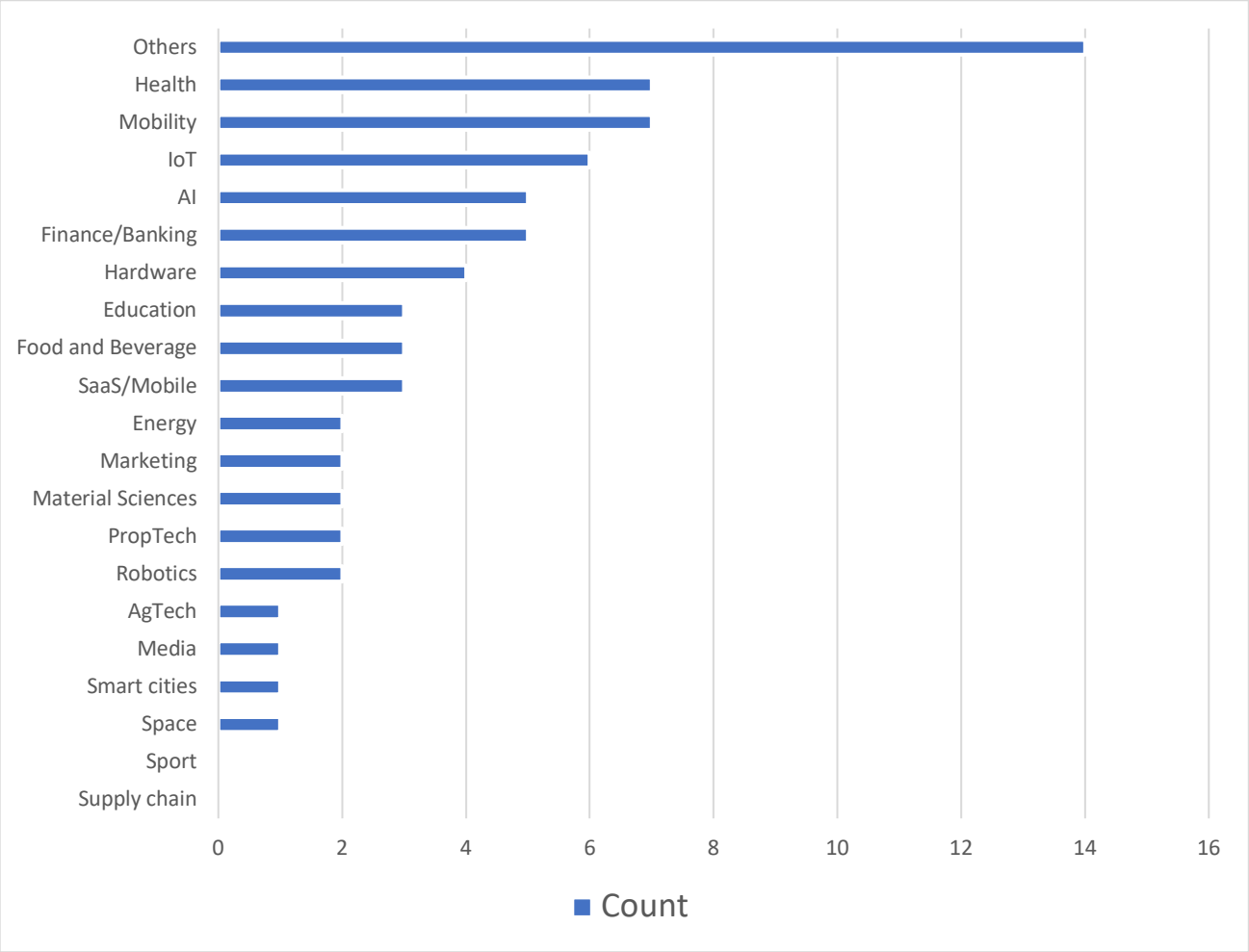
However, it should be noted that while 59,5% of the respondents selected just one option out of the three available; 37,8% selected two options out of three and the remaining 2,7% selected all the three options available.

Question Q7: "What does the startup produce?". Multiple choice answer



More specifically, the portfolio companies that chose to respond are strongly concentrated in either Fashion, Interior design, EdTech, Retail and Virtual Reality (VR) sectors with data showing a percentage of 21,13% indicated by the field "Others". Notwithstanding the fact that the survey displayed a series of 21 different possible choices as the sectors or industries in which the startups might operate, some businesses are involved in more than one specific sector, and thus we gave to respondents the opportunity to select more than one option. At the same time, it was important for us to insert the option "others" as a final answer, in order to obtain new data in the case it was not displayed in the pre-selected options, which resulted as the most chosen option, indeed. Health and Mobility represent the most popular industry/sector where the startups operate in, showing both a percentage of 9,86% (7 answers). 1,41% (1 answer) of startups operate in the AgTech, Media, Smart Cities and Space, while none operates in the Supply chain sector.

Question Q5: "Please select the industry/sector". Multiple choice answer

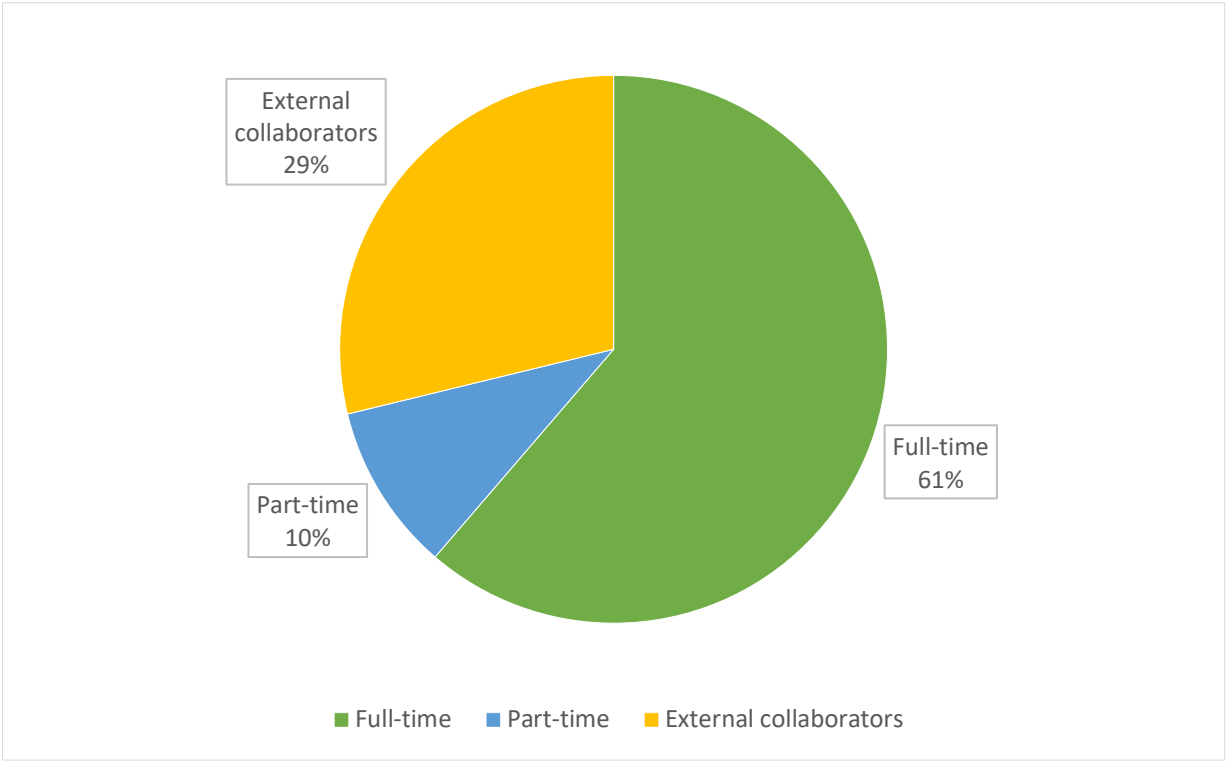


Portfolio companies were also asked a question about the number of employees working in the company, since those according to Porter (1990) are seen as one of the most important resources for each business. In addition of being controllable with respect to other type of resources, having a skilled employee is somewhat associated with the possibility to obtain competitive advantage in the market (Porter, 1990). The survey data shows an average of 9,9 employees, being those either full-time, part time or external collaborators. Even though some of the startups in our portfolio count only two employees in their business, others are able to employ a total of 40 employees. More specifically, the employee population startup data can be divided as following:

- Full-time employees represent 61,3% of the startups' human capital.
- Part-time employees represent 9,9% of the startups' human capital.

- External collaborators represent 28,8% of the startups' human capital.

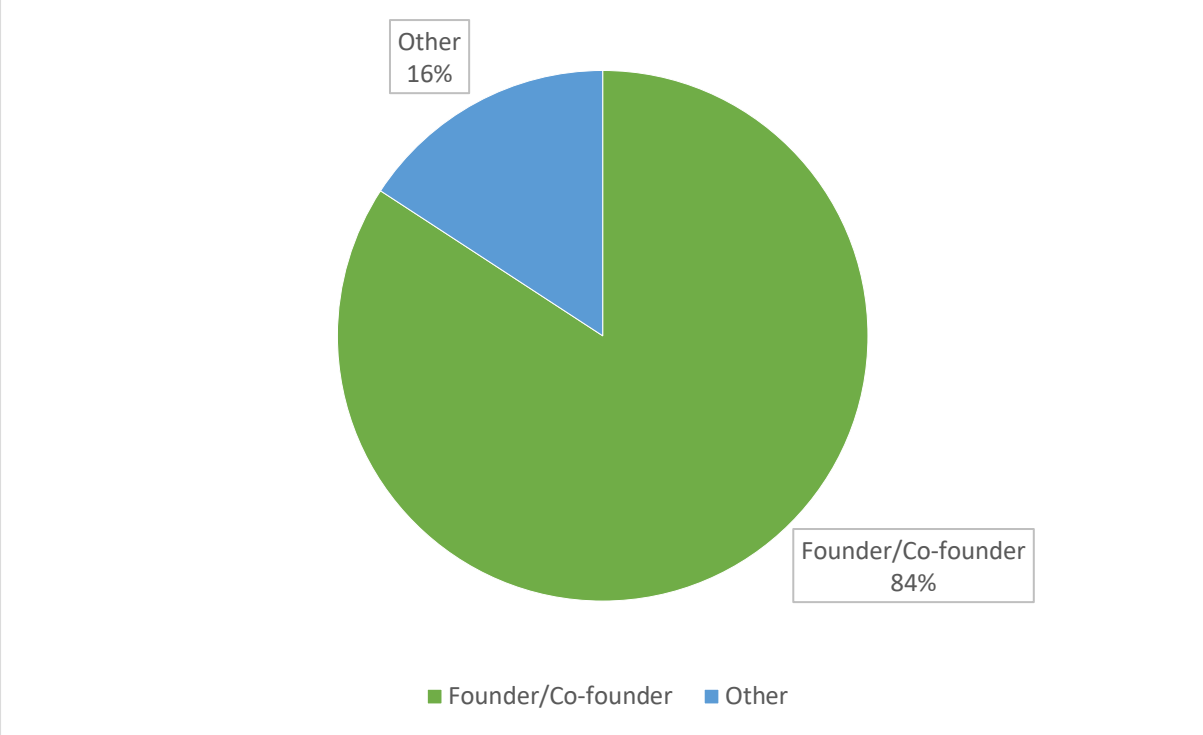
Question Q6: "Number of startups employees". Multiple choice answer



For what concerns the country where businesses had established, the respondents contained in our survey sample have shown that all their companies have been founded in Italy. Thus, we consider Italy to be the main country for their business operations.

Among the general questions, we also wanted to investigate which was the role of the respondents in the business. The reason behind this lies in the fact that having responses from the right target person increases the probability to avoid the internal lapse in the survey. Respondents were given an alternative to choose between being or not the founder or co-founder of the startup. Of the startup that responded, 84,2% identified themselves as being founders/co-founders of the startup, while the remaining respondents which accounted for 15,8% identified themselves as having another role in the company other than the founder/co-founder, being those product managers, marketers, account managers, business developers, engineers and customer services managers.

Question Q8: "Are you the startup founder/co-founder?" Multiple choice answer.



4.4.3 Influential variables

After having asked the aforementioned general questions, we dived into the drivers that could have possibly influenced the startups location choice. This investigation goes in line with the increasing importance of the role location choice has gained within the economic setting, which is seen as a meaningful parameter for businesses success (Porter, 1990).

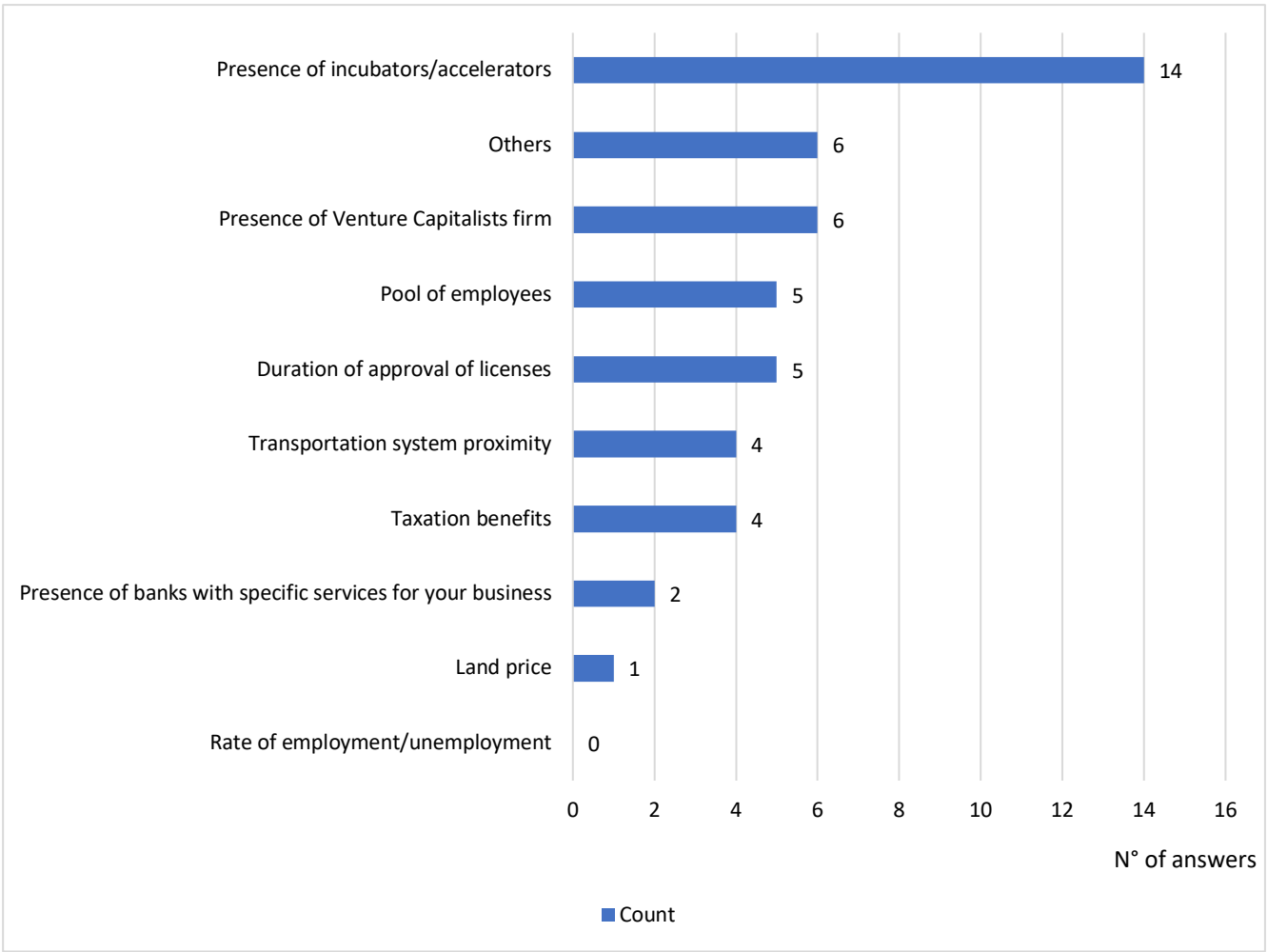
4.4.3.1 Prior research

In order to explore which drivers were the most influential in the initial phase of the location choice process, we asked respondents if before locating their new ventures in some places, they conducted some research. Unexpectedly, survey responses suggest that exactly half of our survey sample (19 answers on a total of 38 respondents) did not conduct any research before choosing where to locate their startups. The other 50% of respondents who declared that they actually conducted some kinds of research before locating their business in a specific site, were asked which have been the drivers they investigated the most (question Q11). Since more than one driver could have had an impact while conducting their research, more than one option could be selected. While ranking the responses from the most to the least influencing factor, the data suggests that the "presence of

incubators/accelerators" has the highest impact in the business research phase preceding the startup foundation, reaching a percentage of almost 74%. The result is in line with what Calcagnini et. al (2016) argue about the ability Italian universities have, playing a special role in attracting innovative startups and encouraging them to locate in proximity to such environments.

However, even though part of the same incubator, not all the startups considered this driver as the most significant meaning that during the research phase, being part of an incubator was probably not a priority for all the startups in i3P. Interestingly enough, of the respondents whom considered doing some research before locating, 31% of them considered industry cluster, some business-specific land rights, and the possibility to create business networks (included in the variable "other") equally important as the "presence of Venture Capitalists firm". Finally, other drivers such as "the presence of banks with specific services for your business" and "Land price" were not considered as influential in the startup research process. On the whole, the presence of startup incubators continues to dominate as an influential startup factor especially in the early stages of their business, probably because of their known supportive behavior.

Question Q11: "Which drivers did you investigate on?". Multiple choice answer



4.4.3.2 Financial variables

Although only 50% of the portfolio companies revealed that there has been a research phase before choosing the location where to start their business, it must not be easily assumed that the remaining respondents did not care about the specific characteristics and dynamics of their location choice. The reason to not conduct research before locating could be caused by the fact that the startup might have already known the territory well enough, or that it had some network sufficient to gain all the required information about the business environment. Whatever the multiple reasons could be, we decided to focus the whole portfolio of companies in answering questions about their perceived importance of some drivers in their location choice setting.

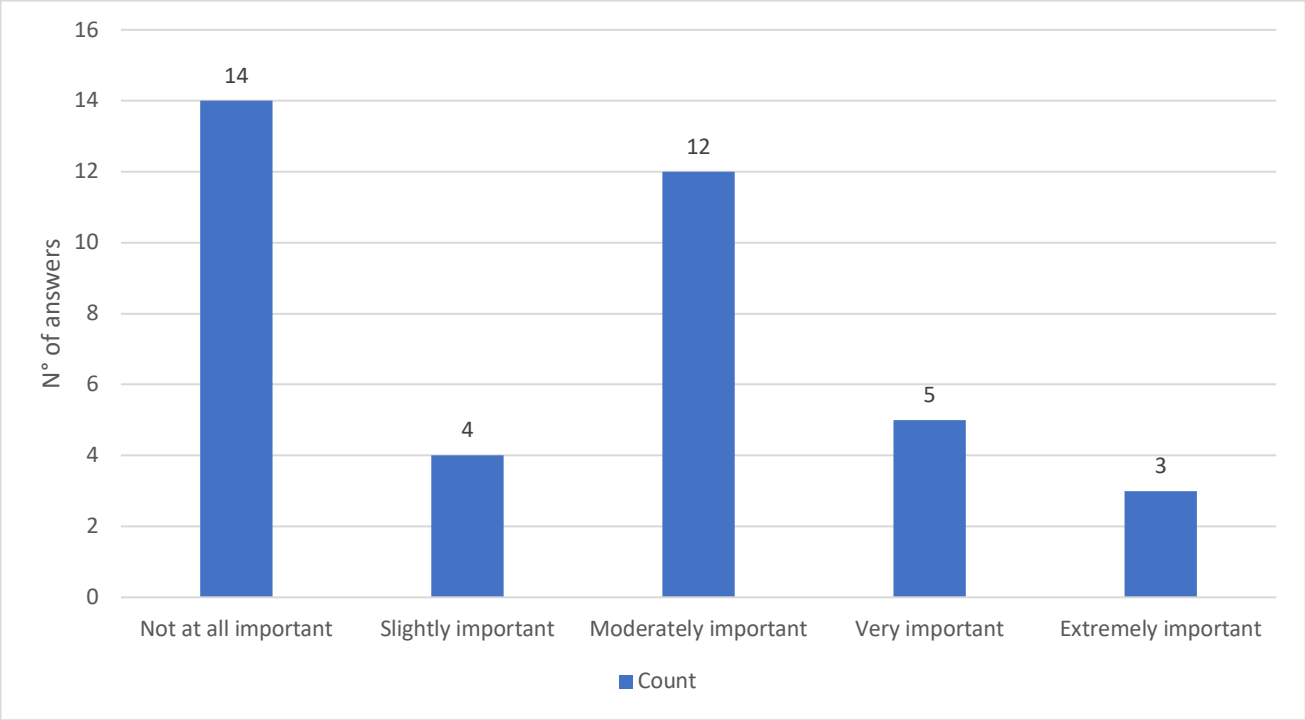
Specifically, the survey asked respondents to give their perceived importance about specific drivers of location choice, which we have identified according to the location choice literature. Those generally involved specific market dynamics, the available financial and funding tools, access to governmental benefits and some factors of production.

While taking into consideration the financial area as an investigation, the study asked if startups were aware of the presence of any active Venture Capitalists firm (VCs firm) in the environment where they decided to locate. Results showed that 89% of the respondents were informed about their startup proximity to VCs firms actively operating in their location of choice.

Widening the focus on the presence of VCs firms, respondents were also asked to evaluate the importance those type of firms had in their location choice settings. However, while the majority of them was aware of their presence, only 53% valued their relevance to be either moderate, very or extremely important. The rest of respondents (47%) stated that the presence of VC firms was not important at all, or at least slightly important. Although it is impossible to know without further examination, one could hypothesize various possible explanations for the collected data. First, it is possible that firms, while being already taking part of an incubation program, take for granted their attractiveness by external investors and thus do not consider their importance as a primary concern. Indeed, by aggregating the startups in a single location, incubators are seen to generate interest in VC firms thus resulting not only in an increase of entrepreneurial activity but also acting as a pool of investment. Alternatively, for the majority of the respondents the high interest in the presence of such firms might be associated with their degree of newness in the market. As a matter of fact, the presence of Venture Capitalists is seen to avoid startups to deal with the traditional funding methods always represented by high information asymmetry and risk. Instead, VCs firms are seen to support those

new ventures in their growth especially in their early stages of the business, also giving meaningful management resources to understand new technologies and markets.

Question Q13: "How important was the presence of VC firms for your current location choice?"



It is relevant to point out that the funding issue is of primary importance for businesses of every size. Having a secured stream of revenues, is of vital importance especially to small businesses such as startups, in order to avoid risk and ensure a strong business structure. As a consequence, we focused our attention also on other ways of funding strategies. Those included the importance played by the presence of active banks in the startups' location.

While asking respondents of their awareness in terms of active banks offering special services for their business in their location of choice, 61,5% answered positively to this question, whereas the remaining 38,5% stated that banks did not offer services for their specific businesses.
Although the majority of portfolio companies seem to be attracted by some benefits banks offer to their business, the presence of these institutions in the process of location choice suggests that it is not considered to be a meaningful driver for them. The data collected showed that 89,7% of the respondents valued the presence of banks as being in a range between 1 and 3, corresponding to an

evaluation between “Not important at all” to “Moderately important”. On the contrary, only 10% of survey respondents stated that the presence of banks influenced their location choice, evaluating their importance to be between “Very important” and “Extremely important”, corresponding to the numerical values of 4 and 5. Even though it is known that firms locating in a remote location with respect to banks are inclined to receive less attention from these institutions, and that proximity to banks entails more financial opportunities; startups might be less likely to underwrite debt in the early stages of their business and rather prefer other forms of financing methods.

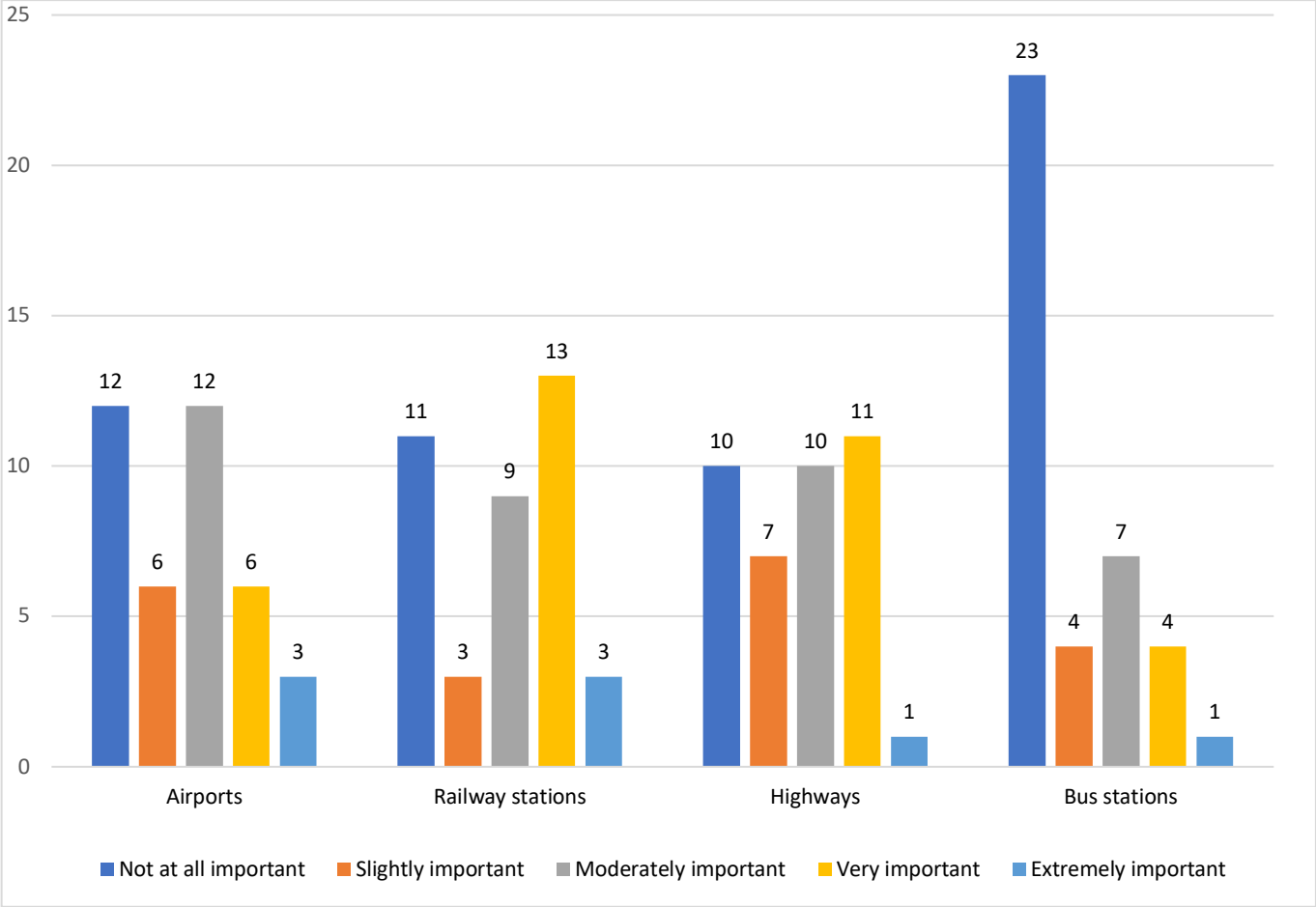
As an example, during an interview we were informed that the main source of funding was obtained by private investors, since they understood “*they were the first interested and [the ones] who believed in us”* (Respondent 1,2020). The results are in line with the peculiarities each startup faces in terms of funding: while a small part of portfolio companies might want to secure an alternative strategy to VC funding’s locating in proximity to banks; the majority want to avoid this type of financing method. As observed, when *“your idea is valuable and you gain credibility in the industry you operate in, then funding and interest will be automatically generated”* (Respondent 2, 2020).

4.4.3.3 Governmental variables

The general tendency of high-tech businesses has previously been always identified with locating close to metropolitan areas, since firms were seen as being able to decrease the cost of transmitting information and thus gain advantage of possible knowledge spillovers. Moreover, by being in proximity to other industries in the sector, firms are able to establish long relationship ties, which are seen to be beneficial for the business success. Thus, it is of utmost importance to locate the business in a place which gives the opportunity to easily reach different places, since this might also result in higher industry activity. Widening the focus on this matter, the present survey asked respondents to rate the importance transportation systems played in their location choice. More specifically, we decided to investigate around the influence of proximity to airports, railway stations (including subway stations), highways and bus stations for startups while choosing their location. The respondents had also the option of stating which other eventual transportation mean could play a persuasive role, weather not present in the available options. The results show that in the Italian setting, “Railway stations” play a significant role, with 64% of respondents rating them from “Moderately Important” to “Extremely Important” (values from 3 to 5). Following, about 56% of survey respondents rated the business proximity to highways and airports (about 54%) as meaningful; while the proximity to bus stations was considered to be influential in the startups location choice by

about 31% of respondents. As observed by one of our interviewees, *"it is obviously important […] to be located in a hectic environment, [where] airports, train stations must be absolutely easily accessible"* (Respondent 2, 2020). Overall, while analyzed individually some factors might play a more influencing role in the startup's proximity to transport means while choosing their location (e.g railways with respect to bus stations), taken as a whole all of those elements highlight that 49% of our portfolio of companies do not consider the presence of any of the above stated transport means as important.

Question Q17: "How important was the proximity to the following transportation means for the choice of your current location?". Multiple choice and graded answers.



The presence of transportation resources has been recently linked to land use, more specifically highlighting the connection of transportation network as an input for land use. The possibility of accessing some places more easily than others, automatically results in an increase of land activity, which in turn might influence its price. In terms of land price, the respondents were questioned about the influence of this specific driver in their location of choice. Interestingly enough, the data shows

that 69.23% of companies do not consider land price influence important at all, while only 10,25% considered it as very or extremely important. The reason behind the results might be due to the recent decline in transport costs, which makes nowadays firms almost indifferent of obtaining low- cost labor pools, whenever they are.

While our portfolio of firms is indifferent in terms of land price while choosing their location, we wanted to investigate whether taxation policy played a role, instead. Despite the fact that taxation is subject to vary according to the different environments, the general tendency of firms is to locate to places where they can enjoy the lowest taxation rate, other things being equal. While 20,51% of our respondents considered the taxation influence as a "very important" driver for their location choice, only 7.69% considered it as "extremely important" and 28.21% were indifferent, instead (choosing the value of 3, or "moderately important"). Surprisingly, 43.59% considered taxation policy to assume no importance in their location choice or having a slight influence. Thus, the collected data shows mixed results: while some businesses are highly concerned about this specific driver and may seek places according to obtain cost advantages, almost half of our portfolio of companies showed no interest in evaluating the established tax policy in their location of choice.

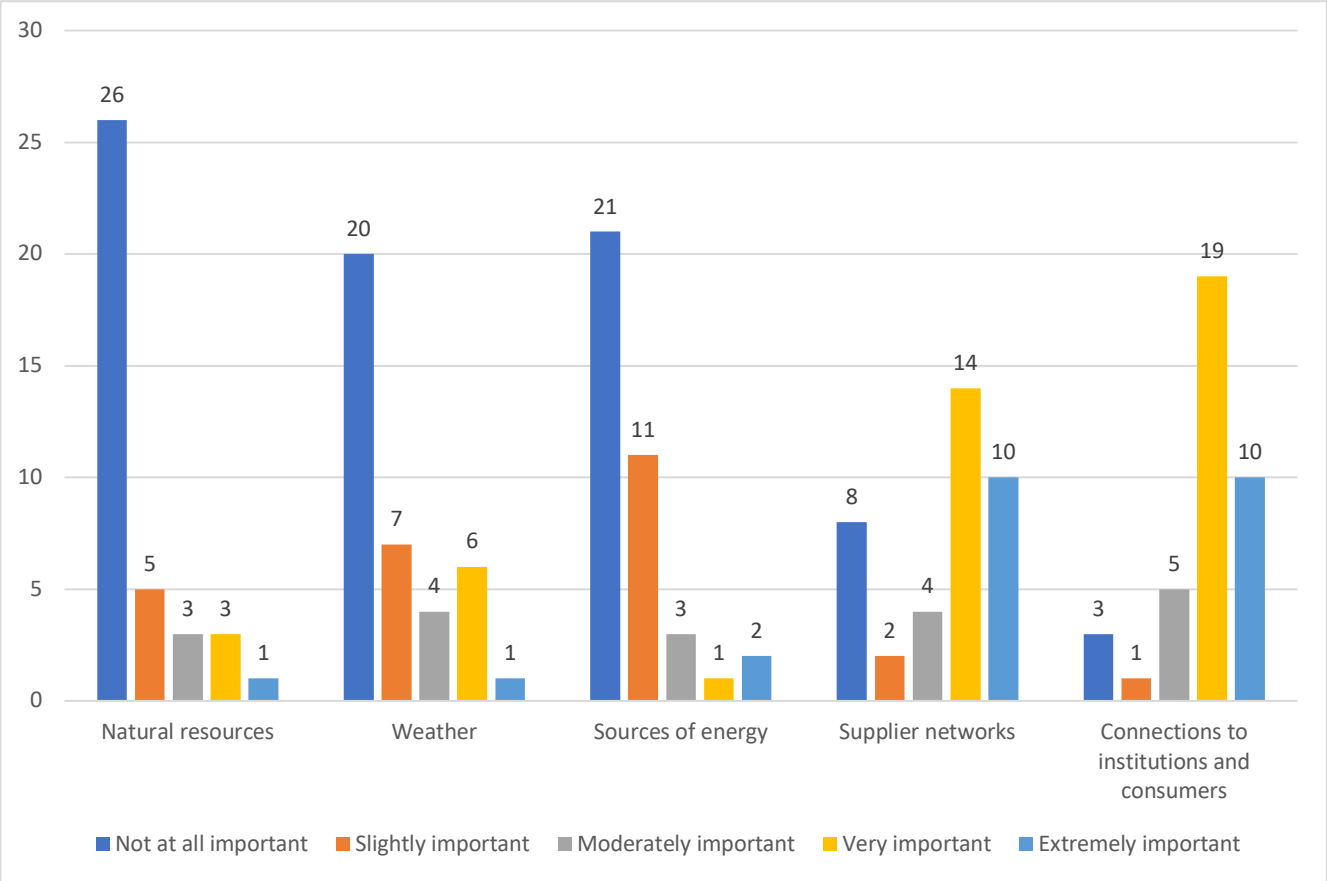
While locating your business, it is also wise to consider other types of governmental policies in place, such as environmental ones. As a consequence, we thought it was interesting to investigate weather our companies' portfolio attentively chooses their location also based on pollution regulations or the restrictions on the use of water, as an example. The importance played by environmental policies reached a mean of 1,67 and a standard deviation of 1,07. The displayed data suggest that this specific categorical variable has not been considered as sensitive by the survey respondents for their location of choice, having the majority of respondents (66.67%) choosing the "not at all important" option.

4.4.3.4 Resources variables

Although the collected data shows that environmental policies are not the most prominent factors in influencing startups location choice, we wanted to investigate on other several drivers which we considered to be relevant. An example is how the presence of the location's natural characteristic impacts the firm's location choice. With natural characteristic we meant sources of energy, whether, natural resources but also suppliers' network and the connection with institutions and consumers, which are seen to be the most common resources a firm has access to while establishing in a given

place. While natural resources, sources of energy and whether showed no interest in respondent's answer, with respectively values of 69.23%, 53.85% and 56.41%; firms seemed to be more attentively evaluating the connections to institutions and consumers (48.72%) along with the presence of supplier networks (35.90%) as a very important drivers of their location choice. More specifically, within a total of 74.36%, 25.64% of firms considered the "connections to institutions and consumers" as very important. The above might suggest that due to the peculiarity of their business, startups are prone to establish trustworthy relationships in order to build a strong network in the environment where they choose to locate. Indeed, due to their newness in the market it is hard for new-established business to dive into these unknown environments, as mentioned by one of our interviewees *"friends, foolishness and family was a fundamental strategy for us. This is because at the beginning you know nothing except from what you want to do, so you have to move around in this way"* (Respondent 1, 2020).

Question Q22: "How important is the availability of the following resources for the choice of your current location?". Multiple choice and graded answers



Access to resources is generally considered to be an important factor for every firm. As we have previously seen, businesses rely on a variety of resources, those ranging from access to fundings, natural resources, pool of networks and so on. Widening the focus more on this matter, and having already examined the previous variables, we thought it was important to dive a bit more into the internal resources proper of each company. Specifically, survey respondents were directly asked the importance played by the access to employees for the choice of their startups current location. While 56% of the respondents stated that having a good access to employees has been "Very important" or "Extremely important" for their location choice, 16% of them consider it "Moderately important", thus showing indifference towards the access of employees for their location choice. The remaining 28% stated that it was "Not important at all" or "Slightly important". Overall, all of these attributes aim to highlight that the majority of respondents consider access to employees as an important driver of their location choice, thus suggesting their underlying usefulness to the point of considering the company working environment what matters the most in the business (Respondent 2, 2020).

In terms of human capital features, we thought to deeper analyze if and how the rates of economically active population and population with a graduate degree have influenced our respondents' location choices. Surprisingly, the rate of population economically active is not considered to be a too sensitive variable for the startups location choice. This variable obtained a mean of 2,45, and a standard deviation of 1,41. This means that the majority of the answers are distributed in the "low tail" (grades 1 and 2) of the distribution, precisely showing a percentage of 56,41% of the total. The remaining 28,21% is distributed on the "high tail" (grades 4 and 5) instead, with 15,38% lying in the middle (grade 3). As a result, the data collected for this specific variable shows that our portfolio companies do not consider this driver as having a particular influence on their location choice.
While according to our interviewees hiring new people entails a rigorous selection process with a *"particular interest in people who have a specific knowledge in the sector"* (Respondent 2, 2020); the majority of our portfolio companies seems to not consider the active population with a graduate degree as a meaningful factor to analyze while locating in a specific environment. Indeed, the data collected shows that 46,15% of the respondents consider this variable as not important or slightly important, while 15,38% position in the middle (grade 3, "Moderately important"). Only the remaining 38,46% supports the idea of considering active population with a graduate degree as a very important or extremely important factor.

Overall, the tendency of our startup portfolio is to not consider the active population present in a given location (with or without a degree) as a strong factor influencing their location choice, which is in line with the data collected when respondents were asked whether the rate of unemployment played an important role in their location choice. The results of this variable show a mean of 1,9 and a standard deviation of 0,98 where answers do not range between 1 and 5, but rather show the maximum value to be 4. It is relevant to point out that in addition of being the least influencing location choice driver for our company portfolio, apparently our respondents are not afraid to locate in a place where there is unemployment rate, and neither interested in it. The reason behind this might be due to the startups business characteristics: by entering a new market and by facing high risk especially in their entry stage of business, those firms might not be interested in hiring employees. Thus, the rate of unemployment given at this particular stage may not be considered as an influential driver for them.

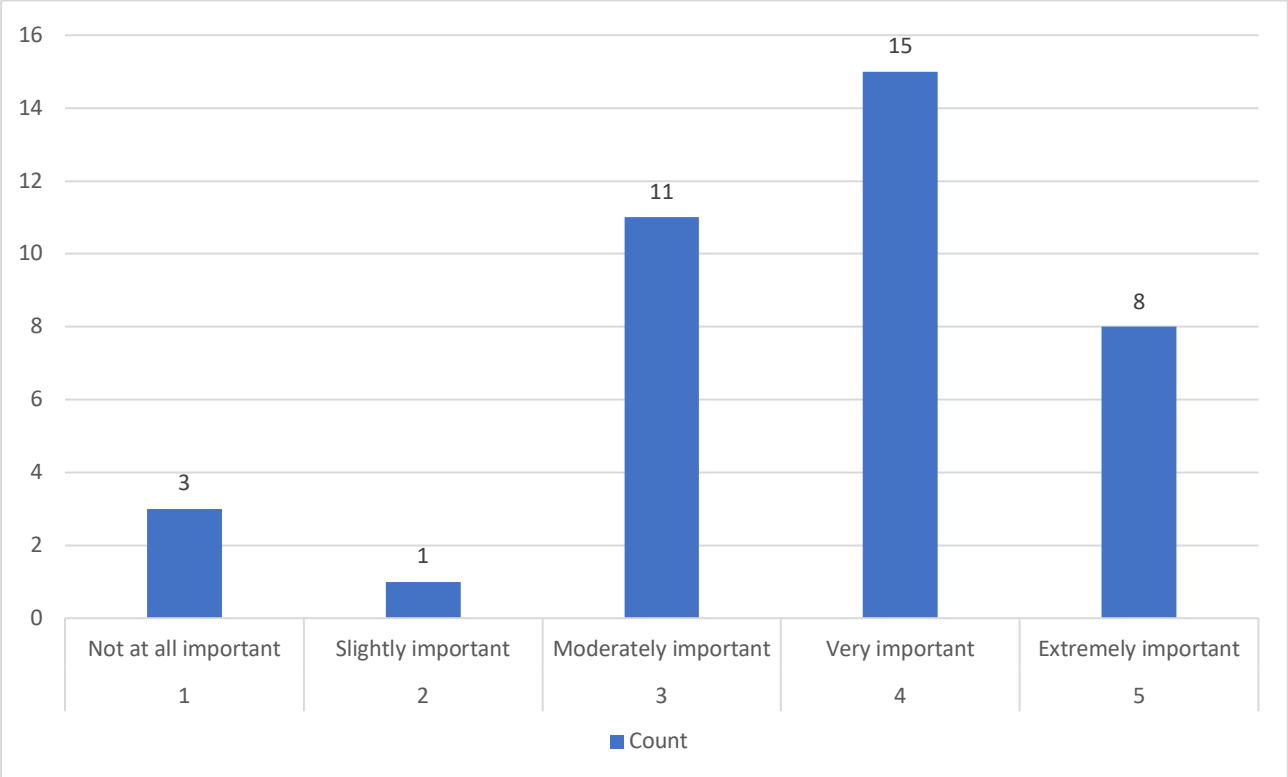
Finally, while entering a new market, and in addition of coping with the high risk within it, firms have to deal with different procedures in order to ensure that their business has a high survival rate. More specifically, startups who supply particularly high technological product or services have to ensure to protect their degree of innovation against competitors in the market. In order to do so, many of them are faced with the application to licenses or different functions which most of the time are recognized as time consuming and expensive processes.
As a consequence, the survey examined weather startups before choosing where to locate, investigated in the duration of the approval processes in order to obtain such instruments. Among our portfolio of companies 36.84% of respondents stated no interest in this driver, while 23.68% considered the variable to be either “very important” (15.79%) or “extremely important” (7.89%).
The results show a mean of 2.45 and a standard deviation of 1,31 which suggests that the answers distribution moves around the “3 grade value” and thus the driver having a moderately important evaluation for startups.

4.4.3.5 Business environment variables

The next section dives into the clusters and networking dynamics.
The study examined the importance played by the presence of other startups for the choice of the respondent’s current location. According to the collected data, this appears to have been a sensitive driver for our survey respondents. As a matter of fact, 60,5% of evaluations are concentrated between

the two highest grades, meaning that respondents highly value the presence of other startups while choosing their location. On the contrary, only 10,5% of respondents stated that this specific factor is not at all or slightly meaningful for them. The other 29% of respondents positioned themselves in the neutral section, which corresponds to the "Moderately important" evaluation. Overall, the collected data on this specific variable corresponds to a mean of 3,6 and a standard deviation of 1,15. Indeed, values do not fluctuate a lot between the grades range, but they rather remain close to the mean. The tendency of locating close to other similar industries has also being highlighted in our interviews, where one of the founders stated that their choice of location in addition of being his hometown, represents the pole of attraction for their core business and thus acting as a major innovation hub for their industry of operations (Respondent 2, 2020).

Question Q29: "How important do you consider the presence of other startups for the choice of your current location?



The literature on clusters and their network dynamic has always played a major role and thus, given its importance, we decided to investigate slightly more on this variable.

In our survey, respondents were asked to specify a reason behind their perception around the importance played by clusters. Thus, being the influence either slightly important or extremely

important for our respondents, we wanted to understand the implications clusters might have in their business environment. By being an open field question, respondents were given the possibility to write what they wanted, thus we eliminated any bias which may have been emerged as well as avoided any possible influence in their response.

While some respondents decided not to disclose the reason behind the importance clusters have to their business by answering "Na" (Not available); others consider the presence of other startups as beneficial but just not having an influence in their choice of location. Furthermore, some respondents stated that they relied only on family and personal connections, implying that clusters did not play a major influence in their location of choice. However, the majority seemed to give new and positive insights about the topic. Most of the startups consider clusters as being an opportunity to foster not only new collaborations but also new knowledge sharing.

Indeed, by being in a cluster firms are seen to support each other, thus fostering their growth in a community which might share the same business interests. According to our respondents, the presence of other startups is thus not considered to be a negative factor, but rather an excuse to build new network realities (Respondent 2, 2020) exchanging know-how and framing an ecosystem. Moreover, by being part of an ecosystem, businesses are not only able to enjoy a creative labor force which is dynamic and talented; but also to be part of an innovative environment which consists of a mix of research and new business opportunities. In addition, firms by being in touch with one another could create synergies between them and explore new market opportunities, which may result in widening the country's entrepreneurial activity in every sector.

Clusters dynamics closely resemble the environment startups experience in an incubator. Because our survey pool is wholly contained in an incubator, we thought it was mandatory to ask how our respondents think it helped their startups journey.

While respondents were asked to rate the importance incubators played on four factors, namely additional resources, network connections, legitimacy and acquiring new knowledge, they could also add anything they considered important in the "open field" option.

According to our data, 58.62% of respondents seem to highly value the importance of relational connections, followed by the benefit of obtaining additional resources (such as office space) as the second most important variable (51.62%).

As stated by one of our interviewees, the incubator *"provided us a lot of resources which we were in need of, especially at the beginning. Those include office space, help in developing our business plan*

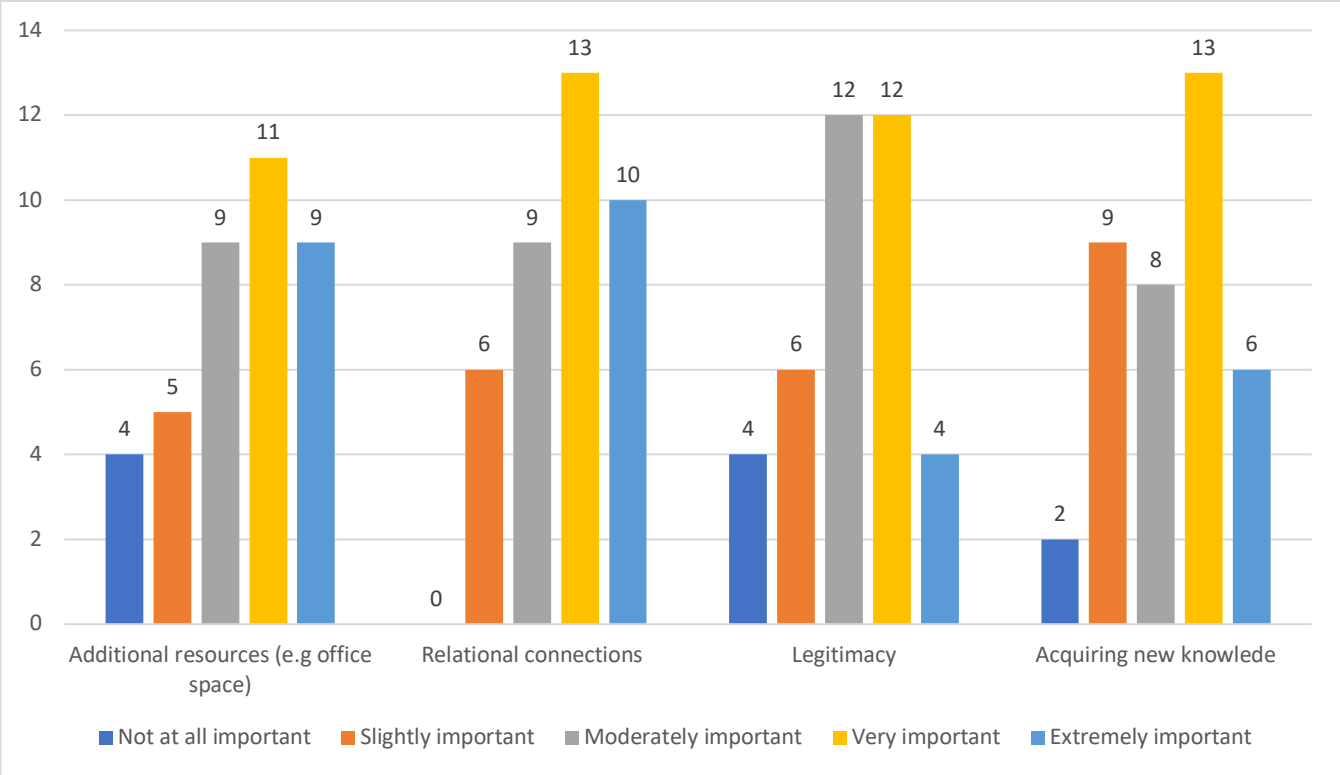
etc. […] Also, I think that being part of such an environment is useful to keep our motivation high [where] I consider networking and maintaining business relationships really important. Thanks to the incubator we were not only able to invite businesspeople to our office, but also to be integrated in such a network which we were not knowledgeable of" (Respondent 2, 2020). Other 50% of respondents, considered incubators very useful to acquiring new knowledge, while 42% recognized legitimacy to be either very important or extremely important among the benefits of being part of an incubator.

The below histogram represents the data collected for this specific variable, however we decided not to include the answers collected in the "Others" field option, since its graphical representation is not relevant for the purpose of this analysis. Withal, it is significant is to display the options added by our survey respondents, which can be bundled in the following topics:

- New market opportunities
- Logistic help
- Keeping the motivation high
- Administrative support
- Searching for funding opportunities, being more visible to investors' eyes and being able to network with them

The last option was the most popular one, which received five "Very important" evaluations and an "Extremely important" one.

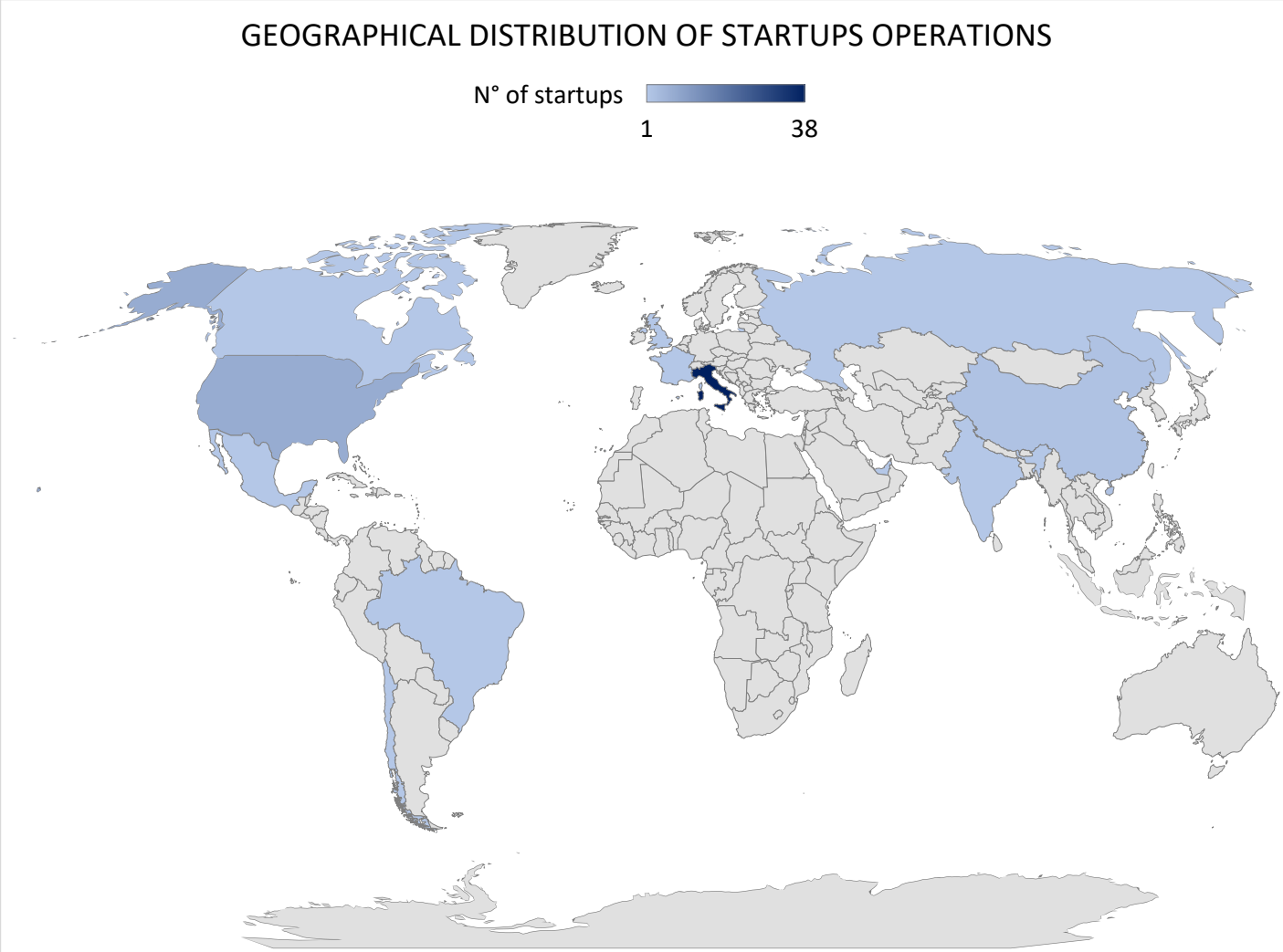
Question Q29: "How does the incubator helped your startup to:". Multiple choice and graded answers



4.4.3.6 Internationalization variable

Due to the high networking presence in incubators, we thought that startups by being in contact with so many different realities might also be inclined to re-locate their businesses abroad. As a consequence, we found of utmost importance to investigate the internationalization will and presence of the responding pool. While we thought that this specific driver might be more influential in the startup's later business stage, we found that a total of 12 startups out 38 (31,6%) has decided either to move or to add some operational sites abroad. More specifically, 18,4% of them is currently operating in the Americas, 7,9% in other European countries and the remaining 5,3% in Asia.

Question Q31: "Does your startup have operations abroad? (e.g. not in the primary location). If yes, please list". Multiple choice and open field answer.

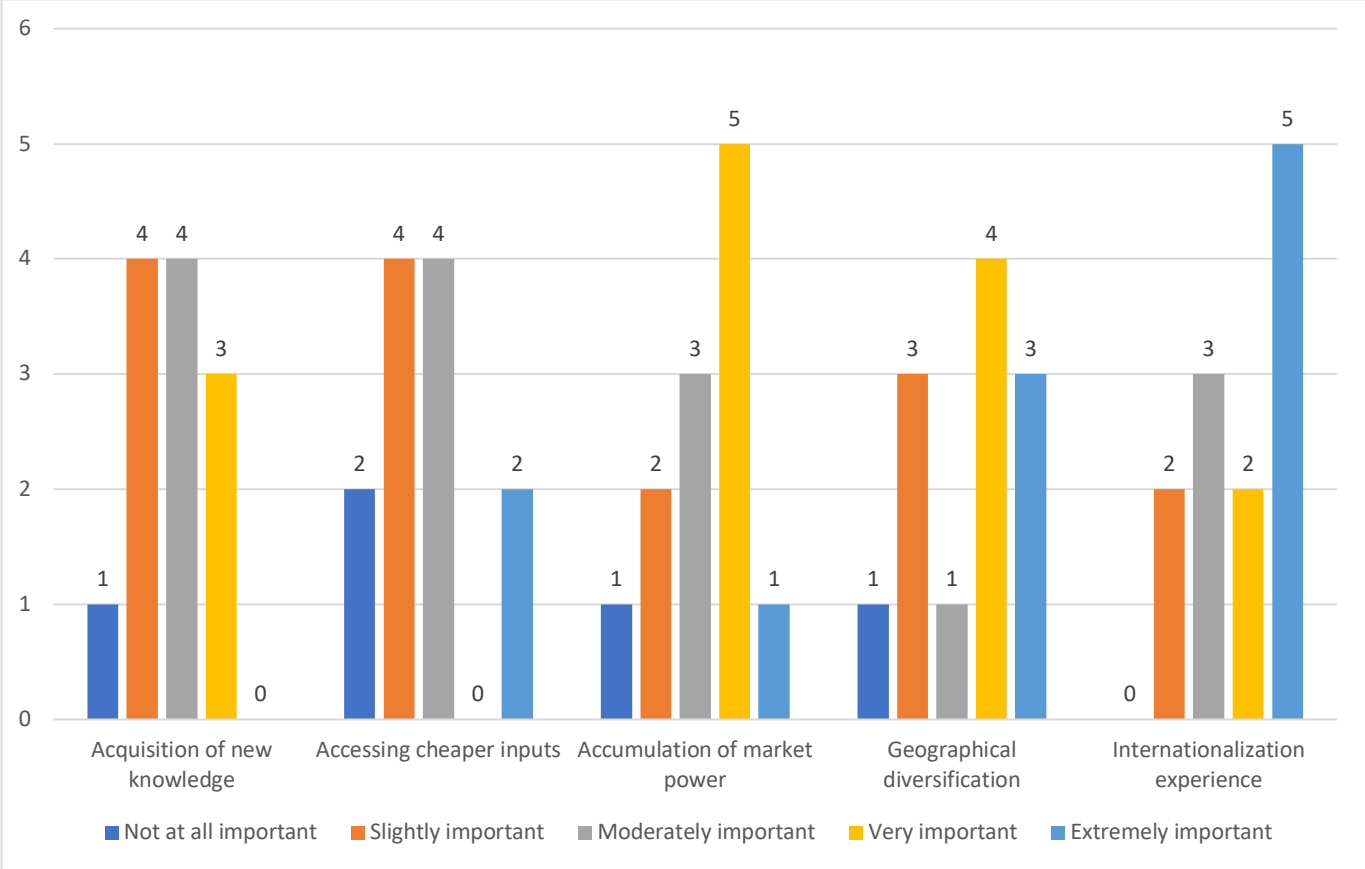


It is interesting to note that, concerning their international operations, the sample startups are collaborating more with the USA (7 votes) and Canada, and not much with other European countries. While the American dream is already part of some of our portfolio companies, our interviewee while asked what was the difference between Italy and foreign countries, argued that foreign countries might have a great approach in scouting different opportunities but since there are many, they tend to underestimate the potential in each of them (Respondent 1, 2020). According to our interviewee "*in Italy you have to overtake a lot of barriers, however if you see them as an obstacle, they will block you; if you see them as a filter then try to pass them instead"* (Respondent 1, 2020). Generally,

according to the data collected in our interviews, respondents considered "*Italy […] a good place to start a business [where their] startup is an example of how the myth of Italy as an infertile land to grow the startup seeds is not true"* (Respondent 2, 2020).

Widening the focus a little more regarding the drivers influencing the internationalization decision, we asked our respondents to evaluate the importance of acquisition of new knowledge, accessing cheaper inputs, accumulation of market power, geographical diversification and international experience in their internationalization process.

Question Q32: "How important have been the following factors for your internationalization decision?"



As it can be inferred from the graph above, according to our 12 respondents the two most influencing drivers concerning internationalization decisions are "Internationalization experience" and "Geographical diversification", both with a cumulated percentage of 58,34% in the two highest ranked field, being those "Extremely important" and "Very important".

While the abovementioned drivers are showing the same accumulated percentage, respondents seem to highly consider internationalization experience as a leading driver in the process of business re-location, gaining a percentage of 41,67% in the highest ranked field ("Extremely important"). In contrast, "Geographical diversification" gained a percentage of 25,00% votes in the highest field, and a percentage of 33,33% in the "Very important" field.
Accumulation of market power seems also to be relevant for our respondents, gaining a score of 41,67% in the "Very important" field, totally reaching a cumulative percentage of 50% in the high tail of the distribution. It is interesting to note that an explorative and curious will, together with a more strategic and business-based desire to expand outside of the Italian borders are the leading drivers for these startup's internationalization projects. However, respondents, seem to be less influenced by the access to cheaper inputs (cumulative percentage of 50% in the two lowest ranked field "Not important at all" and "Slightly important") and the acquisition of new knowledge while evaluating their internationalization expansion (41,66% in the two lowest ranked field).

In general terms, although some of those drivers might represent the main elements of internationalizations business decision, it is also wise to consider that this process might entail a variety of other factors at play, which may vary according to the industry/sector in which the firm is operating. As an example, the automotive industry relies a lot on the power of suppliers thus, as observed "*while relocating […] you -as a company- should also evaluate the impact of it on your network"* (Respondent 2, 2020). Moreover, some companies might not be interested at all in re-locating their business since the products/services/software they offer might be better off in the country where the firm has originally established.

4.4.3.7 Summary

After having analyzed all the variables contained in our survey, we would like to summarize on the average evaluations each variable received, in order to have a comprehensive view of the factors which had the most influence in our respondent's perspective. As a useful mean for doing it, we constructed a summarizing table displaying the ranking of all the variables contained in the survey. The resulting drivers will be ranked based on the average mean obtained through respondents' evaluations, based on the 1 to 5 metrics.

DRIVER	EVALUATIONS' MEAN
Connection to institutions and consumers	3,84
Proximity to other startups	3,6
Suppliers' network	3,4
Availability of employees	3,3
Proximity to railway stations	2,85
Taxation benefits	2,72
Rate of active population with a graduate degree	2,7
Proximity to highways	2,64
Duration of approval process for licenses/applications	2,6
Presence of Venture Capitalists	2,53
Proximity to airports	2,52
Rate of economically active population	2,45
Presence of banks with specific services	2,15
Weather conditions	1,95
Unemployment rate	1,9
Proximity to bus stations	1,87
Availability of energy sources	1,72
Environmental policies	1,67
Land price	1,64
Availability of natural resources	1,62

4.4.4 Relations between variables

In this section, we want to understand if the data gathered from this survey is statistically significant. We will split the sample in two different groups. The first group is composed by all the startups that declared to have conducted a prior research phase before locating; consequently, the second group is composed by all the startups that denied the existence of a prior research phase before locating. We are analyzing independent categorical variables. For this reason, we chose to perform the *T-test*, in order to gain more knowledge on the statistical significance of the results.

We will perform the *t-test* on eight variables which resulted to be the most influential ones. Specifically, we will evaluate the seven most highly voted drivers, to test if their strength is related to the presence/absence of a research phase. However, we also decided to test an eight variable since we noticed a particular and unusual distribution of evaluations, and thus we were interested in understanding weather the peaks in the evaluation's distribution are related to the presence/absence of a research phase or not. As aforementioned, we assigned a numerical value to the categorical variables resulted from the questions regarding the potential drivers influencing location choice.

Specifically, we assigned values from 1 to 5, corresponding to the five evaluations used in the survey, from "Not important at all" to "Extremely important". This was essential for us in order to be able to obtain numerical values which can be analyzed and compared, such as means, standards deviation, minimum and maximum values.

Curiosity arises in trying to understand if performing a research phase before locating, helps in assigning a different and more aware value to the drivers we asked for in the survey. We will compare these results to the evaluations gave by who did not perform a prior research phase. Finally, we will show all the calculations and details conducted to perform the t-test on the first variable, while for the following ones we will make the assumptions based on the same hypothesis and assumptions as the first one.

4.4.4.1 Connections to institutions and consumers

The variable "Connections to institutions and consumers" has been considered by our respondents to be the most influential driver in their location choice. Indeed, it gathered a mean equal to 3,84. Because of the importance attributed by respondents to this driver, we would like to start our statistical analysis by trying to understand if there are any differences in evaluations between startups which performed a prior research phase and startups which did not.

We divided the evaluations received in two groups of independent variables:

- *X variable*: distribution of evaluations of startups declaring to have conducted researches before locating
- *Y variable*: evaluations of startups declaring to not have conducted any research before locating

Our null hypothesis is the following:

Ho: There is no significant difference between the two groups means.

As to verify our hypothesis, we chose to use a significant level of 0,05.
Here are the main calculations executed via the Social Science Statistics online calculator.

Difference Scores Calculations

(*Source: Social Science Statistics https://www.socscistatistics.com*)

Group X: startups that have performed a prior research phase

N_1: 19

$df_1 = N - 1 = 19 - 1 = 18$

M_1: 4,11

SS_1: 13,79

$s^2_1 = SS_1/(N - 1) = 13,79/(19-1) = 0,77$

Group Y: startups that have not performed a prior research phase

N_2: 19

$df_2 = N - 1 = 19 - 1 = 18$

M_2: 3,42

SS_2: 34,63

$s^2_2 = SS_2/(N - 1) = 34.63/(19-1) = 1,92$

T-value Calculation

$s^2_p = ((df_1/(df_1 + df_2)) * s^2_1) + ((df_2/(df_2 + df_2)) * s^2_2) = ((18/36) * 0,77) + ((18/36) * 1,92) = 1,35$

$s^2_{M1} = s^2_p/N_1 = 1{,}35/19 = 0{,}07$

$s^2_{M2} = s^2_p/N_2 = 1{,}35/19 = 0{,}07$

$t = (M_1 - M_2)/\sqrt{(s^2_{M1} + s^2_{M2})} = 0{,}68/\sqrt{0{,}14} = 1{,}82$

where N is the number of startups in the group; df is the degree of freedom; M is the mean; SS is the sum of squares; s^2 is the variance; t is the value of the *t-test* performed; p-value is the expected value.

The calculation show that the t-value is 1,81838 and the p-value is 0,077333. The result is *not* significant at $p < 0{,}05$. This means that we do not have strong evidences against the null hypothesis Ho, so we fail to reject it. Apparently, the strength of this driver is insensitive to the presence/absence of a research phase, coming before the final location choice.
We showed all the aforementioned calculations in order to have an understanding of the process through which we obtained our results. From now on, for the following *t-tests*, we will display only the results and the level of significance

4.4.4.2 Cluster importance

The second driver which had the most impact has been the one concerning the *cluster* reality, which obtained a mean of 3,6 (from the question "*Q26 - How important do you consider the presence of other startups for the choice of your current location?"*).
As previously stated, the following performed *t-test* is tailed on the same hypothesis and assumptions as the previous one.

According to the statistical test, the t-value is 1,42214 and the p-value is 0,163594. The result is *not* significant at $p < 0{,}05$.

The results suggest that we have weak evidences against the null (Ho) hypothesis, so we fail to reject it. This means that, for this variable, there are no differences between the Group X and the Group Y means. Given the small size of our sample, we can only suggest that maybe the proximity to other startups is a strong driver, regardless of any research before the actual location choice.

4.4.4.3 Supplier network

Our respondents considered the "suppliers' network" to be among one of the most influential variables in their process of location choice. As for the before analyzed variables, the main purpose is to test if the strength of this driver is related or not to the research effort performed by some of the survey respondents (from question *"Q22 - How important is the availability of the following resources for the choice of your current location?"*). The following performed *t-test* is tailed on the same hypothesis and assumptions as the previous ones.

For this variable, the *t*-value is 2,13467. The *p*-value is 0,019834, where the result is significant at $p < 0,05$.

Surprisingly, this driver evaluation seems to be affected by the presence/absence of the research phase. Indeed, a *t-test* result that is statistically significant signals the presence of evidences against the null hypothesis (*"Ho: There is no significant difference between the two groups means."*); so, it can be rejected.

4.4.4.4 Availability of employee pool

Moving to the fourth ranked driver, we can analyze if the high evaluations received by the "Availability of the employee pool" are statistically significant or not, regardless of the presence or absence of a prior research phase (from the question *"Q19 - How important was the access to employees for the choice of your current location?"*). The following performed *t-test* is tailed on the same hypothesis and assumptions as the previous ones.

The statistical test shows that the *t*-value is 1,74245. The *p*-value is 0,089967. Consequently, the result is *not* significant at $p < 0,05$.

As for the previous variables "connections to institution and consumers" and "cluster importance" *t-test*, we do not have strong evidences against the null thesis; thus, we cannot say that the differences between the two groups means are statistically significant.

4.4.4.5 Proximity to railways stations

The fifth ranked variable is the one concerning the business transportation proximity to railway stations (included subway stations). This variable was the most highly valued among our respondents (from question *"Q17 - How important was the proximity to the following transportation means for the choice of your current location?"*).

The results show that the *t*-value is 1,62783. The *p*-value is 0,056142. The result is *not* significant at $p < 0,05$.

As a consequence, we have weak evidences against the null hypothesis. Thus, we can infer that railway stations seem to be highly evaluated, regardless of any conducted research before locating.

4.4.4.6 Taxation benefits

We now want to perform the *t-test* on the sixthly ranked driver, the one concerning taxation benefits (from question "*Q16 - How important was taxation policy on newly-established firms for the choice of your current location*?").

Taking into account that the following *t-test* is tailed on the same hypothesis and assumptions as the previous ones, results show that the *t*-value is 1,93114. The *p*-value is .06137. The result is *not* significant at $p < 0,05$.

As a consequence, we do not have evidences supporting the rejection of the null hypothesis. This implies that we can consider the aggregate results of Group X and Group Y as one, not worrying about any statistical discrepancies between the two groups.

4.4.4.7 Duration of approval process for licenses and applications

Another driver that caught our attention is the one referring to licenses, from the question "*Q18 - How important was the duration of approval process for licenses/applications for the choice of your current location?*". Given the technicality of the topic, we chose to deep dive into the statistical significance analysis also for this variable, in order to see if, without antecedently searching for information, the statistical relevance of the answer distribution is the same as the one resulting from the group which actually performed a prior analysis.

For this specific variable, statistical results show that the *t*-value is 3,2932. The *p*-value is 0,002227. The result is significant at $p < 0,05$.

The resulted *p*-value shows that there actually is a statistical difference between Group *X* and Group *Y* means. Considering our sample, it seems that doing researches on the duration of approval process for licenses/applications influences the evaluations gave to this driver. Consequently, it can be further investigated if, on a larger scale, this driver is able to deeply influence location choice for startups.

4.4.4.8 Presence of Venture Capitalists

The VCs interest showed by respondents display an ambiguous picture. While analyzing the data gathered from the survey, we noticed very high evaluations in some answers, against very low evaluations in some others. We perceived a kind of unbalanced distribution of the given evaluations. Hence, we thought to perform a *t-test* also on this variable, even if based on our ranking, it is not one of the most influential ones. The followed method is the same used to perform the previous *t-test.* Also, the assumptions regarding Group X, Group Y and the null hypothesis remain the same.

The results for the variable "presence of Venture Capitalists" show that the *t*-value is 2,33462. The *p*-value is 0,025258. The result is significant at $p < 0,05$.

Here, contrarily to the most previous *t-tests* performed, we obtain a statistically significant discrepancy between Group X and Group Y means.
Effectively, the results suggest that there is a different *statistical behavior* between the two groups values distributions. The evaluations and the importance gave to the presence of VCs could be influenced by a prior research phase. Specifically, startups that performed a prior research phase show a higher mean, so a higher average evaluation, compared to the group of startups that did not perform any research.

4.4.4.9 Summary

After having performed the statistical tests for the aforementioned variables, we gained knowledge on some of the dynamics that draw some differences between our pool of startups.

Particularly, these differences are drawn by the presence or absence of a research phase, prior to the location choice. It seems that, according to our respondents' answers, the variables that are sensitive to the presence/absence of a prior research phase are the "Suppliers network", the "Duration of approval process for licenses and applications" and the "Presence of Venture Capitalists". Specifically, these variables show higher means in the Groups X (the ones including startups which performed researches), compared with the means showed by Groups Y (the one including startups which did not perform any research). Thus, they seem to be positively affected by the researches performed by startups founders and collaborators.

5. Discussion

The following section will contain a discussion of the findings derived from the analysis conducted in the previous section. We will present both practical and theoretical implications, as well as provide suggestions for further research.

5.1 Practical implications

Although the results of our analysis are rooted in a single incubator-case study, we still believe that many of them are relevant, especially for small and growing organizations. With support from the argument of single-case applicability presented by Flyvbjerg (2006), we allow ourselves to underline the aspects that we find to be most transposable to other companies.

The findings derived from our analysis about the most influencing drivers in choosing startups location choice, can be used as a point of reference for other startups in other incubators or for developing the reader's understanding of which factors are mostly important for firms bearing similarities to small business organizations. Herein we list some of the challenges that startups face while considering their location of choice.

As we have made clear, in addition to other factors which may play a role in businesses success or failure, location choice surely represents a challenge for every business. More specifically, firms are seen to face several questions before establishing their business, which entail not only the financial aspects but also market characteristics, the presence of taxation, bureaucracy and others. Investigating those types of factors before locating, implies having more knowledge about the business environment which possibly becomes a vital option for conducting the business in a secured and successful way.

As previously presented, while the location choice literature is voluminous for firms in specific sectors (e.g manufacturing, high-technology business, automotive) or for multinational firms (MNE's), the literature on this specific matter for startups has been poorly analyzed. The fact that those specific business entities are defined as *"small, dynamic and risky enterprises, which are particularly sensitive to business decisions"* (Weber and Zulehner, 2010, p.358), motivated us to focus on understanding how and why startups decide to locate in a specific environment. As a matter of fact, we found it relevant to investigate this specific matter, trying to decrease firms' both sensitivity and risks, which are characteristics to their early stage of the business. More specifically, we found

particular interest in analyzing the Italian setting, since it is seen as being a new economic power with an increasing number of businesses with the aforementioned characteristics.

In the light of the results presented in the analysis, we have decided to focus on the drivers which our sample considered to be most influential. While it is wise to consider prior location research for location choice as a valuable starting point for startups, we decided to take this as a reference to assess whether startups who conducted prior research were better off in identifying possibly influential drivers. Although some prior scholarship associates the presence of cluster's dynamics not beneficial for non-strategically competitive firms (Porter, 1990, 1998; Sorenson and Audia, 2000 as cited by Delgado, 2018) nor for firms who are not able to cope with changes (since those might reduce the elasticity of the participating companies), our findings show that firms profit by being located in proximity to one another, regardless of whether firms conduct or not prior research. In other words, small enterprises perceive cluster dynamics as an almost "given" influential driver in the location choice process. Those results are in line with another stream of literature on clusters, which supports the idea of the presence of a positive relationship between firms' geographic concentration and their performance. Delgado, Porter and Stern (2014) find that industries which participate in clusters with strong innovative (patenting) and productive (employment) hubs have grown faster in terms of innovation. This goes to show that firms enjoy being located in a dynamic and motivating environment, which leads not only to the presence of knowledge spillovers between them but also to the possibility of opening up to new market opportunities and thus create an ecosystem of synergies. It is thus implied that cluster dynamics must be considered by startups while locating their business, regardless of other challenges those firms may face in their early stage of establishment.

Due to their business characteristics, it is important for startups to ensure, specifically in their beginning business stages, that they are able to access some resources in order to sustain their business. While according to the agglomeration perspective, firms are better off if they locate close to availability of resources since those might positively impact their growth, the embeddedness perspective prioritizes the existence of non-economic relationships (e.g friends, family) as being profitable for those types of companies (Guzman, 2019).
Falling within the agglomeration perspective, startups value the connection to institutions as a far-reaching resource to consider while locating their businesses. However, while this specific driver is

insensible to startups conducting or not prior research, our results show that firms are better off investigating the presence of a supplier network, instead.

Drawing on prior research, we advanced the idea that firms, by being located close to their suppliers, are able to benefit from shared technologies, inputs, skills and knowledge. In order to be able to benefit from the aforementioned resource, companies must engage in active research which will be helpful to identify their suppliers and thus locate close to them. Even though this specific driver might influence different industries in peculiar ways, the results obtained highlight the importance this factor has specifically for the automotive industry. Firms in this sector are seen to engage in long-lasting relationships with their suppliers due to the high number of components they need, which in turn imply reduction in costs both for transportation and logistics elements. Also, according to the founders of TUC.technology, this driver, in addition to being one of the most important to evaluate while locating, could also be seen as a constraint while facing re-location.

Similarly, in order to exploit available resources in their location choice, startups should also actively probe the presence of funding opportunities in the environment within which they decide to establish their business in. It is widely known that fundings opportunities represent one of the most important reference points for businesses, since in addition to forming the backbone of their structure, they also help them to possibly survive in a competitive market. More specifically, funding strategies for startups oblige them to take a step beyond the usual firm capital structure, due to their uniqueness business features and tough informational asymmetry (Arthurs et al., 2009; Cassar, 2004; Cassar et al., 2015 as cited by Epure and Guasch, 2019).

Although internal funds might be associated as the most common way through which startups obtain their funds, while growing and operating in the market, firms might be able to decrease their degree of opacity and thus be able to access other forms of investments. One of the most prominent ways of obtaining external funding in the startup environment settings is recognized to be through venture capitalists (Anderson, 1999 as cited by Baum and Silverman, 2004). Venture Capitalists, in addition to having the capabilities required to coaching startups in the early part of their lives, give startups the possibility to avoid the access to traditional financing sources which are mostly constrained by high information asymmetry and high risk (Davila, Foster and Gupta, 2000). As a consequence, it is clear that startups are attracted by this type of investment, which is partly in line with our findings. Indeed, we found out that this driver importantly affects startups which perform a phase of prior

research before locating, while it does not influence greatly those startups which do not perform researches.
The benefits startups might enjoy from conducting research to see whether there is the presence of Venture Capitalist's investment in their location choice are multiple. In addition to enjoying a better market reputation, startups who engage with a VC investment are also seen to benefit from access to new high-quality employees, gaining new customers and negotiating new alliances with key players (Davila, Foster and Gupta, 2000).

Drawing on prior research, we advanced the idea that the presence of employees is considered to be one of the most important resources; making it an un unreplaceable feature for firms' competitive advantage (Porter, 1990). Although there is a lack of connection between firms conducting research and the influence it has on locating in a skilled employee pool environment, it is consistent with some prior research. More specifically, it is the company commitment to influence talent choices where to work and their willingness to invest in the firm. More broadly, it is also important that countries are setting valuable goals for companies in order to ensure they establish their industries at home (Porter, 1990) and safeguarding a high amount of people admiring a specific sector to be able to retain them.

Perhaps more intriguing, is the relationship existing between startups conducting research and the duration of application process for licenses. While startups conducting research prior to location are positively impacted by the licenses application processes; there is no extensive literature that further develops this matter. It is widely known that patent applications are time and cost demanding for firms of every size, since those might most of the time involve costly litigation or other issues. Our findings show that generally startups are highly influenced by the application processes in place to obtain patents or other forms of licenses for their business. Notwithstanding the absence of literature streams on this matter, this pattern suggests that, maybe due to the high costs this process might entail, startups are influenced by this specific variable. This finding is consistent with the idea that a firm may have to undertake actions that increase its risks in the short run in order to ensure its survival in the long run. It is necessary for some firms to protect their inventions right from the beginning, in order to avoid losing their degree of innovation in the market.
This latter interpretation is also consistent with the aforementioned definition of startups by Weber and Zulehner, 2010 as *"small, dynamic and risky enterprises, which are particularly sensitive to business decisions"* (p.358).

This goes to show that while before locating startups might be more sensitive and devote their time investigating some specific drivers such as the presence of suppliers' network, the presence of Venture Capitalists and the application process to licenses, they are indifferent on locating their business according to the proximity to the firm to transport system nor to the presence of taxation benefits. While evaluating those drivers as highly influential for their business location, conducting research on those matters does not influence their final location choice. For what concerns business proximity to transportation systems, our findings are consistent with what Leitham et. al (2000) found in their research paper. While before transportation proximity played a major role in constraining business locations (see Keir, 1921; Blair and Premus, 1987) according to more recent literature there is little evidence on how this specific factor may influence a business on location choice due to the increasing change industries have faced during the past years. This may indicate that when startups decide where to locate their business consider the proximity of their business to transportation systems important, but due to the uniformity this factor now has in most countries, they mostly do not devote time in investigating it.

Similarly, startups which might investigate present taxation benefits for newly established firms will not be influenced in their future location choice. These findings are in line with the present literature on taxation which is showing mixed results. While the general belief is that every firm is seeking a location where it could enjoy the highest cost-benefit link, at the local level those relationships might vary. Known as the agglomeration effect of taxable rent, firms who establish their firm close to one other, might face the cost of authorities setting an higher tax rate (Baldwin and Krugman, 2004 and Charot and Paty 2006, as cited by Rathelot and Sillard, 2008). Thus, while enjoying some benefit arising from the cluster dynamics, they will balance those effects by paying slightly higher tax rates. On the contrary, firms who are seeking cost benefits will probably locate where there is less industry presence and enjoy a relief in taxes, whilst not benefiting from a stimulus and motivating environment proper of clusters.

Overall, the reader can see how the main drivers affecting startups location choice could be employed in their own organizational setting in order to either gain a general insight into the dynamics of location choice, or more specifically to compare them with what have been their existing practices within the organization. Furthermore, these findings could serve as a starting point for practitioners

to engage in discussions about how the identified driver influence, as well as new drivers which might not have been considered could impact their relationship with governments, investors or other startups in the market environment.

All of these practical insights can be used to provide the reader with an understanding of what the location choice process consists of, how it can be evaluated, and why it is valuable, as well as help them develop an approach that would ensure to consider different location choice drivers in their own organization over time. However, practitioners applying our insights should be aware that, as always, these are context specific and thus should be adapted to the particular organizational setting. As a general rule of thumb, generalization from a single case study with a small amount of data should be done with caution. Any practitioner should also consider the role of external circumstances to ensure that the organizations are sufficiently comparable. We believe that contextual factors will play a substantial role in the outcomes of drivers of location choice in specific markets, and for that reason, practitioners should carefully consider their strategic approach.

5.2 Academic implications

Our case study, by relying on the present location choice literature, sheds light on a theoretical area that has often received little attention in the existing literature. Although the influence of specific drivers on location choice or industries has been extensively studied, little research has attempted to identify which are the most influencing drivers on startups.

This thesis was motivated by this lacuna, also due to the high and increasing presence of these new businesses. Our broader motivation was to add to the literature concerning the Italian panorama, as it is an increasing economic power which must gain the right attention and support.

Through the results of our case study of I3P- The Polytechnic University incubator in Turin- we find indications that there are some drivers which play more influence in startups location choice such as the connection to institution and consumers, proximity to other startups, the consequent establishment of a strong supplier network and the availability of high skilled employees. Some others, such as the availability of natural resources, environmental policies and land price seem to have less influence, instead. Overall, our findings show that prior research on location choice has influence on some specific drivers and thus that it is wise to devote some time investigating specific factors which might impact the performance and growth of those newly established businesses. It implies that the question organizations should concern themselves with is not so much identifying the main drivers of location choice, but rather to continuously be able to conduct research on specific drivers which might

influence where to locate. It is indeed a challenge to adapt to the changes the environment is facing and adjust accordingly to newly possibly influencing drivers.

5.3 Suggestions for further researches

This thesis points toward several possible avenues for further research. Firstly, we want to note that more studies are needed to examine which are the most important drivers influencing startups location choice on the micro level, to develop a more coherent understanding of the relationship between them. Secondly, we presume that a study of the external environment including an investigation of influencing drivers for foreign startups would have been interesting. By engaging in an extensive analysis of all the Italians incubators, we could have created a more coherent view of which and how specific investigated drivers affect their environment or if those change according to different locations. This approach would possibly add valuable information to our current findings and examine mechanisms at play in developing new insights on the matter.

It has already been uncovered that incubators help new technology-based firms to achieve higher growth rates (Colombo and Delmastro, 2002) and that more specifically, Italian universities play a special role in attracting innovative startups, encouraging them to locate in proximity to such environments (Calcagnini et. al, 2016). Thus, we suggest that it would be interesting to look more into the mechanism put in place by such entities, especially in relation to the services they offer and-which might or might not have an influence on the startup's growth.

To broaden our perspective even further, an approach that could perhaps be even more interesting would be to investigate the relationship between startups location choice drivers and culture across a selection of incubators within Europe, Americas and China. We consider this to be an intriguing matter, since incubators services may change according to different environments, and thus we do not know how much influence it has over the trajectory undertaken by firms in their early stages of growth. It is not hard to imagine this leading to several lines of research which would likely create new insights and build the basis for further research in this field. Furthermore, conducting a dynamic study instead of a static one, would have been interesting. With dynamic study we mean that the aspect of time is considered, which would definitely have improved the relevance of our project in the light of how factor's importance develops or changes over time.

6. Recommendations

Based on existing research and our findings, in this section of the thesis we built some recommendations.

Firstly, we think it is of primary importance to shed lights on the importance of a prior research phase on location features and opportunities for whoever wants to start a new business. Performing researches before locating can help startups in being more conscious of the location specific potential, in order for it to be exploited at its fullest. As a matter of fact, while statistically testing the results obtained by our survey, some variables were influenced by the presence of prior research. Businesses, by investigating the presence of supplier networks, the availability of employee pools and the presence of Venture Capitalists in their location choice, could be better off in terms of competition with respect to other realities and thus obtaining a *knowledge* advantage, which is generally unusual for startups given their inexperience in the corporate world.

Moreover, as we can see from the data gathered, respondents appreciate being located in an environment where there are also *other startups*. We assume this evaluation to be truthful and honest, given that our survey pool is actively operating in a startup incubator, which is home to proximity and relational advantages. Thus, notwithstanding the increasing importance of this factor and the consequent increase of startups' proximity with competitors, partners and suppliers, firms have to be aware that those features can also be obtained through *cluster* realities. It is fundamental that organizations are able to spot those autonomous ecosystems aiming at gaining advantages in knowledge spillovers, sensitive know-how and relational connections, just as they are doing with incubators.

As already mentioned in the previous section, engaging in a business relationship with Venture Capitalists brings some advantages startups should be well aware of. Beside a better market reputation, startups can benefit from VCs' deals by accessing highly skilled employees, building a new customers' basis and negotiating new alliances with key players (Davila, Foster and Gupta, 2000). We perceived that the importance given to this powerful instrument is not commensurate with the size of its effective value. For these reasons, we suggest to deeply investigate the pros and cons of VCs investments and eventual collaborations.

Moreover, while attention is usually focused on competition and consumer-based research, startups founders can be blinded by a superficial knowledge of the business itself. From the data gathered, we became aware of the fact that poor attention is put on administrative processes and bureaucracy, together with natural and human resources offered by a certain location. Indeed, land price, energy sources, weather and availability of natural resources seem to be variables of secondary importance for the choice of startups location. This leads us to recommend startups to consider further these variables, to avoid dwindling their firm's cost structure. We consider that making a far-sighted choice would imply also considering variables that could not influence the business in a short-term perspective, both economically and strategically, but that can surely have a profound impact on future business decisions and choices. Thus, our suggestion to startups is to always work and act both on a short-term strategy, together with a long-term one.

Summarizing, it is important to consider that location choice drivers must not be seen as a destination, rather as an ongoing practice of research, investigation and readjustments. Thus, the identified drivers seen as mostly influencing startups location choice must be contextualized, as in our increasingly complex world all the interconnected factors that contribute to location choice are constantly changing. While it is not deemed feasible for practitioners to attempt gaining full control of the all available influencing factors in place for location choice, we suggest that by being aware of them and understanding them, a company may enable itself to adapt to them, which contributes to the company's fitness to its environment.

In making our recommendations, we consider the feasibility of implementing our suggested changes as a crucial factor, as these are only as relevant in principle as they are realistic in practice. Our recommendations are based on the University incubator of Polytechnic of Turin, I3P, thereby they can be worked out into different incubators as they change; which is more a question concerning the balance between the environment and its changes.

7. Limitations

Our study is based on inferring causal connections between influential location drivers and the subsequent location choice, with an aim to provide guidance for achieving a better comprehension of the dynamics working under this interesting location process. However, this notion of analyzing causal connections in hindsight, in a case so rich of unstudied variables and represented with a small sample size like ours, should give room for some reservations when evaluating our contributions.

This study was born with a very far-reaching ambition. Throughout the whole thesis, the purpose has been to gain insights on the startup Italian panorama. As already mentioned, Italy counts 10.882 startups (Startup innovative, 2019) and this draws a very rich and complex scenario to be studied. Because of its complexity, the study we aimed to start with this thesis is also very time consuming.
Time has been one of the first limitations of this work. We started by having contacts with just one startup, and then we managed to have access to the first-ranked incubator in Italy, the third public incubator in the world. We are very proud to have succeed in obtaining such a great opportunity, but we must admit that I3P is just a drop in the ocean. Italy possesses 197 active incubators (Social Innovation Monitor, 2019) and, in order to have a clearer and more valuable analysis, we should have engaged more incubators in our study.
Actually, the involvement of more participants was going to happen, since we managed to make the first contact phase with another Italian incubator. However, Covid-19 happened in the meanwhile, and we lost tracks of one of the two incubators we were trying to involve in our thesis project. We acknowledge that, if we had more time, we could have better tried to engage a larger number of participants, obtaining a richer study in terms of analysis depth and, consequently, statistical and practical validity.

Additionally, the variables we decided to study and to question our participants on have been selected by carefully review an academic literature that does not deeply explore the location choice dynamics for startups. Moreover, other variables have been indirectly suggested to us by the dialogue we had with the founders of TUC.technology, during the interview phase. Consequently, some unintentional biases could have happened in tailoring our understanding around these variables, concretely resulting in wording or interpretation biases.

Concerning wording biases, they actually fall into one of the four main errors which can occur while designing and analyzing a survey. According to Berenson et al. (2012), surveys are subject to some potential errors. Specifically, they identify four types of survey errors:

- Coverage error
- Nonresponse error
- Sampling error
- Measurement error

Coverage errors occur when some groups of items are excluded from the frame (Berenson et al., 2012). This can result in having coverage bias; in our specific case, coverage biases could have occurred, given that we analyzed a sample of startups which are part of an incubators. This represents a subgroup of all the 10.882 startups actively operating in Italy. This said, we can attest that our results can provide only an estimate of the characteristics of the bigger Italian startups frame.
Nonresponse errors occur when not everyone responds to the survey. In our case, 4 on 38 startups did not take time to answer to our survey. Even if we performed follow up actions twice, we were not able to involve the nonresponding startups. This can lead to a nonresponse bias, because we cannot assume that the startups which did not respond are similar to the one which actually did respond to our survey.

Sampling errors "*reflects the variation, or "chance differences," from sample to sample, based on the probability of particular individuals or items being selected in the particular samples*." (Berenson et al., 2012, p. 255). For this specific issue, we were afraid that we could have selected very similar startups, in terms of operational sectors and size dimensions. Though, while analyzing the obtained data, we realized that our startup pool is variegated and well assorted, in terms of diversity of size, operational sectors and international connections. However, we are aware of the Italian regional differences, concerning the availability of resources and funding opportunities. We studied an incubator that operates in the northern part of Italy, the richest and fullest area of the country in terms of funding opportunities, suppliers and consumers connections and availability of resources. Having the opportunity to interact and to study a southern Italian incubator could have surely represented a great opportunity for the aim of this project.

Ambiguous wording questions, the Hawthorne Effect and respondent error are the three features Berenson et al. (2012) identify to be part of the *measurement errors* category.

Concerning the wording process of questions, we are aware of the fact that at least one wording bias could have occurred in our survey. Specifically, we think that the question *"Q10 - Considering the choice of your current startup location, have you conducted any research before locating?"* was misinterpreted by some of our respondents. We think our respondents thought about a formal research phase regarding the territory features they wished to locate their business in, and not to a research phase in which they went through all the opportunities offered by their cities of choice. So, maybe adding the word "opportunity" to the question Q10 could have resulted in having a clearer picture of which startups did actually perform some researches before locating and which did not.

The Hawthorne effect occurs "*when a respondent feels obligated to please the interviewer."* (Berenson et al., 2012, p. 256). We do not have evidences of this error to be happened in our survey, but we are aware of the eventual presence of some biases related to that. Respondent error "*occurs as a result of an overzealous or underzealous effort by the respondent."* (Berenson et al., 2012, p. 256). To avoid this error, we should have randomly recontacted some of the respondents, to investigate on the validity of their answers. We did perform this check with TUC.technology, but we did not perform it with the other respondents, because of lacking time and, primarily, because we did not have direct contacts with our responding pool; the I3p Communication manager was the intermediary, and the only connection, between our respondents and us.
Consequently, the academic and practical implications of our study should be read and understood as a first attempt to deep dive into an academic and managerial project of great magnitude and significance, that must be further developed in order to gain the statistical significance it deserves.

8. Conclusion

In this thesis we examine which are the influencing drivers in startups location choice. Unlike other firms, small businesses tend to have peculiar ways of conducting their operations and thus it is of utmost importance to understand which are the factors affecting the environment startups choose to establish their business in. In order to do this, we first introduce existing theoretical contributions on the location choice literature, which mostly have focused either on specific firms (e.g manufacturing firms or multinational enterprises (MNE's)) or on unique industries (e.g automotive). Notwithstanding the fact that the literature on the existing matter is quite voluminous, there is a lack of focus on how location choice practices influence startups businesses. This has motivated us to deeply explore this field.

Wanting to empirically examine which are the most influencing factors affecting location choice for startups, we succeeded in having a direct email access to the Chief of Communication of the most influencing startup incubator in Italy, and the third public incubator in the world, namely the I3P incubator (Incubator of Polytechnic of Turin). We created a survey, composed by questions through which we tried to investigate what we thought could be useful for our location drivers' study. Our questions concerned a variety of topics, going from funding strategies to environmental policies; from natural resources to cluster realities; from transportation means to licenses and applications processes. We used a unique sample of 38 startups, on a total of 42, which have been zealous and effective in answering all our questions.
Moreover, we interviewed the two founders of one of the I3P startups, namely TUC.Technology. The two interviews we conducted have helped us in having a better understanding of the startup world dynamics, together with a great insight on a very successful startup scenario. We had the opportunity to deep dive into the topics on which we drew our survey upon, and to obtain a reading key for the answers received through it.

Our results show that firms highly value the presence of connections between institutions and consumers as the most influential driver, followed by the presence of other startups in their environment which they evaluate as beneficial. It also seems that, having the right connections, being part of the right net and taking advantage of knowledge spillovers are some of the key factors start uppers want to have or obtain in a certain location, since they help them in gaining legitimacy in the business world. Moreover, the availability of a significant pool of employee seem to be valued as a

positive feature to have in their location of choice. On the contrary, drivers like land price, the availability of natural resources and of energy sources and the environmental policies were judged not as important as we thought they could be. In trying to find a reason behind these low evaluations for some specific drivers, we addressed that startups act on a short-term horizon, at least at the beginning; thus, drivers which are oriented on a long-term horizon and which can influence the cost structure in the future, are judged to be less important than the ones which can influence the startups management from the very beginning.

In addition to investigating which factors startups considered as being the most significant for their location choice, we found it essential to evaluate whether the presence of a prior research phase could have had an impact on this process, since this might have a positive impact on their knowledge and long term growth, thus on their chances to survive and, eventually, succeed. Within this setting, we found that startups conducting research for their location choice were more influenced by the presence of Venture Capitalists, supplier network as well as the duration of approval processes for licenses and applications, compared with the startups which did not conduct any research before locating.
Those findings highlight the importance those types of businesses give to not only to funds (which can be seen as the bases to form their new business structures), but also to other business characteristics, which include the establishment of new relationships and the connection to government institutions.

This thesis contributes to the current stream of literature on location choice, by providing insights into the ways in which startups are influenced more by some drivers while establishing in their business environment. We discussed our findings from both a theoretical and a practical perspective, followed by suggestions for further research with emphasis on either expanding the existing theoretical framework within the case, or widening the scope to comparatively include more incubators.

Lastly, we recommended future action by engaging startups more in their research phase and giving importance not only to the drivers which they have investigated the most, rather to focus more on the ones which apparently, they do not consider as prominent. It must be said that our study draws its conclusions on a small sample; which consists of 1 out of 197 Italian incubators.

Undoubtedly, before stating any practical and academic implications, we made clear that our master thesis wants to be a first attempt to deep dive into an academic and managerial project of great magnitude and significance. It is sure that it must be further developed to gain the statistical significance it deserves, in order to be considered as valuable as it can be.

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Appendix A: Interviews

Ludovico Campana

Hi Ludovico!
I am Carlotta, nice to meet you. As this is a pretty open interview, I have some questions/ general themes, but I am open to any topic which might arise while talking.

More specifically, this is an exploratory interview, which means that I would like to get a better view on different interesting areas of your startup- TUC Technology. We are still in a stage of exploring what we find the most interesting aspects of your business, so we would like to develop our knowledge on this area. We are most interested in how startups choose their location. More specifically we are investigating which drivers are most likely to have an impact.

Ok, great!

Ok, so let's start.. What is TUC Technology?
TUC Technology is a startup born in 2018. Our aim is to provide the consumer the possibility to live their car experience in a customized way. For this reason we developed the TUC connector which allows us to plug in different devices and thus be able to personalize your own car.

What is your academic background?
I have a graduate degree in Automotive Design at IED Torino. This world always interested me a lot and since my young age my willingness was to bring society a different concept of a car. Thanks to my studies, I was not only focused to understand more the world of car design, but also on analyzing and predicting the new mobility developments.

Have you had any work experience before starting your new business?
In addition of being involved in a lot of projects during my studies, I started working right after being graduated. While studying I was awarded with my project from the Michelin Challenge Design Contest in Detroit (MI). It was 2014, I think. Then, I did not want to lose too much time and decided to work right away. The working experience I had was at one of the best Design studios I could aim

for in Turin. I gained a lot of new perspectives and ideas thanks to the presence of my boos, Lewis Vermeersch. He is one of the most influential car designers.

What drove you to start your own business?

After working so hard in several projects at work, I understood that it was too constrictive to express my own ideas, especially if those concerned the concept of how a car should look like. After months of work, I invented a simple and disruptive solution meant to revolutionize the whole architecture of the vehicle. For me, the most important thing was not only to design a new vehicle, but a new system in order for it to be compliant with the high technological future.

Do you perceive your current location as an advantage for your startup?

Yes, I believe so. Our advantage was to have around us a production chain in terms of project, realization, ideation and the products in the automobile sector where the excellence is in Turin, also in a bigger context. Thus, the reflection we made is that we cannot be elsewhere if not in Turin, at least for the automobile context.

Did you ever consider starting your business in America?

I don't really believe in the American dream. As an example, if you go to California, there is an illusion that fundings are given easily even with no clear business plans. This has obviously been investigated by us and it is not true at all.

So, according to you, which is the difference between Italy and the foreign countries?

I will tell you which is the difference between Italy and foreign countries. According to me, in Italy we are a lot skeptic no matter what and thus this hurts. However, being skeptic is helpful since what succeeds then it has real sense. What happens with the Americans is that they say "great,great,great" you talk for years (e.g opportunities, you exchange telephone numbers etc) they say "let's keep in contact and then they disappear". In other words, there is a great approach but in reality there is nothing. Instead, in Italy you have to overtake a lot of barriers, however if you see them as an obstacle they will block you; if you see them as a filter then try to pass them instead. For me personally, you will be better off while overcoming them. It was really important for me.

So the choice of establishing your startup in Turin, was determined after a research?

Yes. It is also true that before establishing the startup we worked in the design industry. Thus, we had an overview of what the industry does now. This means that we have developed products and we understood the whole process of making an automobile from the production to its commercialization to its exterior. Then, we also understood that bigger automobile companies (e.g Tesla) always required the support of Turin. The modern automobile was invented in Turin (Giugiaro, Pininfarina spa). So it can be inferred that there is a high level of expertise. As an example, a lot of Californian startups asked us to design their cars. As a consequence, here you begin reasoning and you ask why those people ask us to design a car here in Italy if they are so big and fancy. It is true that the software part is super good there, however the other part which concerns the idea of making a product from testing to production is found to be in Italy, where Turin is the centre.
In order to see those automobile trends, my colleague Sergio in 2016 (before starting the company) was around several events and trade shows which entailed themes such as the future of the car, the future of the user experience, and so on. We conducted a lot of research and registered a lot of speeches of different CEOs such as Google, Uber and a lot more. Overall, those insights have been really useful.

How did you meet Sergio?

We met at the office where we worked together. Sergio is coming from an important family in the automotive sector, and this has been a great advantage for us and we said: "Let's do it together". Afterwards, we started to study and I asked Sergio to ask in his company (Pininfarina s.p.a) to have all their narratives around their perception of the automobile as a concept. I wanted to confront the ideas I had with theirs to see if there were some matches. In addition to being an encouragement to do better, I wanted to get some inspiration from what is considered to be one of the most important businesses in the world.

So, what were your roles at the beginning?

Let's say I was the more the designer, while Sergio assumed the role of the researcher.

Can you briefly describe your project?

Our project is simple and solves simple problems. While I was designing automobiles I discovered that in addition to the outside- which you can change and design everytime- it was nothing else. For what concerns all the interior infrastructure, it has never been a new technological product. So while

designing the exterior we thought it was obsolete, and thus we wanted to focus on something new. Nowadays the objective of the automobile is seen more as “utilizing” instead of “acquiring” and to live the user experience- see the phenomena of car sharing, in America -47% of young people get a driving license since an Uber comes and gets them around. So, on one hand if it is true that design must address the needs of society, then as it is now most companies are not addressing it. For this reason, my objective was to achieve this goal.

How did you achieve in addressing what the design industry trend was demanding?

It was hard. At the beginning, I also designed a TUC vehicle (a car). However, at some point I thought that it was not bringing anything new, so I threw all my sketches away. While working hard on the project, I discovered that the key was to simplify the whole infrastructure- which was found to be in the connector. I invented a unique system to manage the whole user experience. So, while on one hand we must personalize our vehicle experience, on the other hand it is needed to reduce costs of suppliers, offer new services and business models. If you think that FIAT with one of its products- the Panda- gains 70euros per car, it is crazy. Let’s leave the engine and let’s concentrate on the operational system, i tought. For this reason, we developed TUC, the USB of mobility which allows us to connect different devices in the platform. The most important thing is that this project is defined, but at the same time undefined- this is what makes it so peculiar.

So, if I understood correctly, due to this not defined characteristics TUC could also be applied to other transport systems?

Yes, exactly! TUC technology can be applied to every transport system such as airplanes, traines, boats… and so on. In the automobile sector, we discovered this system brought a lot of advantages and that could be used as a universal standard. Like the USB became the standard for all the PC, then TUC will be the one for the automobiles.

I saw that you already developed a TUC prototype. Do you consider it as a possible configuration?

No. The prototype we developed was more to have an idea and let the other people see how the connector would work. The big impact we bring to society is the structure of the components, its security in terms of possible accidents, the electricity alimentation and access to data, without considering the impact it has on reduction of costs, since it entails a unique assembly line.

What do you consider as the main advantage of TUC.technology?

The openness to new possibilities. If you want to buy an empty car, with TUC you actually can. The objective is to have private spaces in a mobility mass. Also, when the whole world will be converted to sharing- cities such as Los Angeles, Shanghai, New York, Paris- the constructor can own all the cars, while you as a consumer can choose what you want. You open the application on your phone, you go to the station and you take the car with you personal spaces, in a car which is not yours. The vision is that when the whole transport system will be supplied by TUC, and that you can enjoy your same personal experience from a trip Turin- New York, due to its application to various means of transport. The future is not more the automobile but more living your concept of the car, which is translated in the TUC connector.

Can we define this type of technology as disruptive?

Yes, since it changes not only the concept of the vehicle, but also how you make vehicles, how you produce them, what they offer. It becomes a connected instrument. We will never perceive a producer as an assembler- as it has been until now- but rather as an active connector.

How is TUC perceived by automobiles companies?

We are testing the idea with some companies and they all love it! This is why we are basically not substituting anybody but we are changing only the relations between producers and their components. We made this new technology which is more than a simple evolution: we make everything digital where we could have a car order in a few seconds. This reflects the fast changing world we all live in now.

What about licenses? Which strategy did you utilize?

The strategy was intuitive. Obviously, we relied on some help for developing it. As soon as I saw that the idea was valuable, I started to call some lawyers and tried to have something before starting divulging the idea.

Friends, foolishness and family was a fundamental strategy for us. This is because at the beginning you know nothing except from what you want to do, so you have to move around in this way. After some time of deposing the license, we got the answer that it was considered an industrial invention.

Afterwards, I called someone who was experienced in licenses just to check it. Now we are doing the extension to the whole world.

That's great! In terms of financing, did you have some strategy in place?

If i have to be honest, not at all. We learned to do things by doing and this is what helped us. Moreover, while I was having more of the responsibility of developing the project; Sergio was responsible to get the interest of excellence, instead. Sergio started to contact a lot of people and started to present TUC. We did more than 600 meetings worldwide. The communication was always kept high. The world was saying that the idea was amazing but they wanted to see more so a prototype. One day, I went to this exhibition called Automation & Testing here in Turin. I was interested in finding some producer who could have helped me in developing the product. After some search I found Canavese Inside. Thanks to them we developed this prototype. It was a challenging project since I had to handle 11 small companies who were developing TUC plus other 4 of the dimensions of Samsung.

Where was the presentation of the first prototype held?

Notwithstanding the amount of difficulties we encountered before the presentation - in terms of coordination- the event was held after six months of the actual start of the project at Nuvola Lavazza, in Turin. We pushed hard to achieve the objective of showing the automobile sector that our idea was working and that it was possible to commercialize it.

One of our strongest points was found in communication which was powerful. After the event everybody was talking about us and this is when we started looking for partners. At the end, making a startup means never stop working, NEVER!!

At the end, was it possible to have some financing results?

Yes , the first came after the event. They were financial investors.

So not VC?

No, we understood that the first who were interested were private people who believed in us. The first investment started because FIAT was approving what we were saying for three years. In order to get some investments, then you have to be believed. This is the Italian panorama. Another important thing is to be able to connect the bottom with the top. There are a lot of middle people in

organizations which make your life harder. After that the idea was understood by the automotive environment, we started to present the project to the whole world.

For the future, do you see collaborations with already well established brands?

I don't know yet. I do not want to say much. I just want to say that everybody should use TUC. I do not know yet about what could be the collaboration with other brands, but there is something going on. Now we have the software needed in order to let everything function. The language of these new cars is ours, where the updates can be downloaded from the control unit and updated accordingly. In the future if we want to make some comparison, TUC can be the new Amazon.

Now, how many employees are working in the company? If you are hiring somebody, which competencies are you looking for?

By now we are just me and Sergio. However our objective is not to have a big enterprise. Rather we are concentrated on having the own of the Intellectual property and to sell our licence to the different automobile companies. So in other words, the companies can buy the TUC licence in order to use the connector, but the development of the vehicle is not part of TUC. TUC owns only the software in order to manage it along with the data flow.

Obviously, in the near future it would be needed to restructure the society with some marketing people, as an example.

So in 2020 will it be possible to see the TUC car?

Yes, of course! And be ready for it!

Is there anything else you would like to add?

An interesting fact is that we are part of one of the most important incubators- I3P. Being part of this environment helped us to gain new knowledge and secure some parts of our business, and have a more structured society. I mean, advice is always welcome, especially if you are in the beginning.

Thank you. Unless you have anything more to add, I think I got a huge bun of information and I think I got a way better feel about who you are, what you do and what is important to you.

If anything, you can send us an email, no problem.

Sure! Thank you very much for taking your time.

Sergio Pininfarina

Hello Sergio!
Your co-founder has already had an interview with us. In that interview we gained TUC.Technology background and some basic information. This interview is more focused on understanding which are the main drivers you considered while locating, instead.

Do you have any questions before we start?
No, we can start.

Ok, Thank you. So when was your startup founded?
TUC was founded in 2018. However me and Ludovico started working on this project before… I think it was 2016. Obviously it took us some time to develop the idea and finally establish our startup. It was a challenging project but we finally did it and we are so proud.

I know you established TUC in Turin, Italy. Was any particular reason behind this choice?
Yes. In addition to being my home-town it is the pole of attraction for the automobile industries. Turin has always been the major center of new innovations concerning the automobile environment. Moreover, when Ludovico and I started working on the project, I felt that through my network connections I could somehow leverage this project better. Thanks to my family background in this industry I could get advice more easily, if even needed.

From the previous interview, I understood that the sector where TUC operates is not only concerning mobility right?
Exactly! TUC operates in both the mobility and the development of software. We thought that nowadays was important to provide our consumers something more than a product. Through TUC.Technology it is possible for them to live a new experience, which they can define themselves.

How many employees do you have in the company?

As it is now, we are two founders- namely me and Ludovico- and other 20 external collaborators. We are in the process of hiring new people. We are particularly interested in people who have specific knowledge in this sector. We have a rigorous selection process, we want those who will be part of TUC then will (almost) never leave. Thus our objective is to have a low employee turnover. At the end, what matters the most is the working environment for our employees.

Ludovico already told us that you were engaged in a lot of research before starting your project. What type of research did you do?

Yes, before starting our project we wanted to see which was the world's trend in the industry. We thought it was important to gain some knowledge in the sector even though both of us were more or less knowledgeable about the whole process of automobile production. At first, I travelled to the USA and I attended a lot of conferences, talked with a lot of people, also to see different perspectives and then compared them with our ideas. It was useful to gain at first a deeper knowledge in the sector so that the product we made was different and innovative. Our main objective was to bring society something totally new and revolutionary. We had to differentiate from the other industry players.

Do you evaluate the presence of Venture Capitalists as an influential driver?

Obviously, funding is the most important thing while starting a business. Moreover, due to the characteristics of startups it is of fundamental importance to have a good knowledge about the funding panorama existent in the territory. Thus, I consider the presence of VC as moderately important. However, I also think that if your idea is valuable and you gain credibility in the industry you operate in, then fundings and interest will be generated automatically. This has to be supported by good communication. I must say that here my colleague Ludovico does an amazing job.

What does your communication entail? What makes it so special?

Ludovico is mainly focused on the power of music. He considers it almost art. The details he is most focused upon are the design of the website, the structure of it and the videos. In order to keep the motivation of our investors high, he engages the audience in different ways, which are always original, I would say. I don't know if you already saw some videos on our website, but those are worth a visit! Also, I like the fact that our mission, vision and values are always clear and well communicated. I think TUC has a strong identity which also corresponds to how we are perceived by our potential consumers, so to say our image reflects our identity.

Sure! I will do it.

In terms of location choice, what other drivers did you take under consideration before locating?

Mmm.. let me think about it. I think that from my side the research was mostly focused on understanding which was the automotive world's direction so that we could act with innovation. However, we knew the challenges we would face for establishing a business from scratch. In the Italian setting it is mostly hard to be trusted. A lot of people saw us as two young entrepreneurs with exceptional vision, sometimes underestimating what we could be capable of. In order to get fundings it was difficult for them to see our idea in practice, due to the project's high complexity. However, after our hard work and communication we succeeded in presenting the first prototype. Also, I believe that Turin is a city which is inter- connected in terms of transportation. It is obviously important for us to be located in an hectic environment, since due to business meetings we must be flexible. I remember one time leaving from one day to the other to New York and bought the flight 5 hours before. Airports, train stations must be absolutely accessible easily. We also travel a lot to Milan- we almost know the route by heart!

What about application processes?

The application process to our licence was demanding i would say. It took us some time, and obviously it was kind of costly since we asked for some help. I mean, none of us had some knowledge about the development of patents or licenses. So it was necessary to have some advice.

Are there a lot of startups in Turin?

Yes, Turin startup environment is flourishing. We considered this factor as an important driver due to the network possibility. We rather not consider it as negative- somebody might think about competition- but as stimulating for us. Also, we decided to be part of an incubator.

Which incubator?

It is called I3P. It is the incubator from the Polytechnic University in Turin. We are happy to be part of it since in addition to being useful for the establishment of our business, it also provided us a lot of resources which we were in need of, especially at the beginning. Those include office space, help in developing our business plan etc. The application process was hard, it comprised a lot of interviews and paperwork. Also, I think that being part of such an environment is useful to keep our motivation

high. I consider networking and maintaining business relationships really important. Thanks to the incubator we were not only able to invite business people to our office, but also to be integrated in such a network which we were not knowledgeable of.

Did you ever consider being part of an accelerator program?
Yes, I have been recently in contact with Techstars. Do you know it?

Yes, sure!

Great! Even though our startup is not considered to be at the beginning stage, I consider accelerators programs useful to get an overview of the tips useful for our business. In my startup, I always take care about establishing relationships and looking for possible investors. Thus, it is important for me to be updated about this matter. The hardest thing is that those programs tend to take most of your working time. Thus, if I will ever consider to be part of it, I know I must work hard to also bring forward the other duties required by TUC. Let's see how it goes… but it would be amazing to be part of Techstars!

That sounds exciting! I wish you all the best for it.
Concerning internationalization, did you ever think of establishing some part of your business abroad?
It is hard to say at this stage. We are still young and by now we did not consider it at all. However I also think that our case is a bit different from the other ones. Indeed a lot of startups supply products. Thus, as an example it might be advantageous to establish some part of their production abroad- mainly to enjoy some cost reduction maybe?
TUC technology is supplying software instead. So, I think we would not have many advantages of relocating. Also, while relocating i think you -as a company- should also evaluate the impact of it on your network. I consider the power of suppliers super important in the automotive industry and I feel that Turin is a good point of reference.

Yes, that makes sense. So, overall you can state that you are happy with your choice of location.
Oh, yes! Totally! I would not be happier for it than now. I think that in addition to the fact that I already more or less knew the entrepreneurial environment, Turin and in general Italy is a good place

to start a business. Our startup is an example of how the myth of Italy as an infertile land to grow the startup seeds is not true. Obviously, it might work more for some businesses with respect to others but I believe that the more you are involved in what you are doing and you trust it, then Italy will appreciate you more than any other country.

Nice to hear that. Ok, i think i gained a nice perspective of your decisions behind your location choice and i would like to thank you for your time spent with me.

Thank you! It was interesting to be involved in your Master thesis project and I wish you and Carlotta the best of luck!

Thank you Sergio.

Appendix B- Newsletter

In questo periodo sono tanti gli interrogativi da porsi, specie in riferimento alle attività imprenditoriali. Proprio dall'esigenza di condividere **vision**, **opportunità** e alcuni **spunti** di interesse comune, nasce l'evento "**Competenze dal Salotto**" il **webtalk** organizzato dal Gruppo Giovani Imprenditori Confindustria Torino e indirizzato alle **startup**. La partecipazione è gratuita, ma i posti sono limitati –registrati per non perderlo. **Appuntamento oggi, 8 aprile, alle 17.**

Iscriviti qui.

Call for Startups

Industrio Day 2020

DEADLINE: 4 maggio 2020

Il prossimo 17 giugno a Trento si terrà l'edizione 2020 di **Industrio Day**, dedicato ai temi di **Industria 4.0**; **robotica** e **automazione**; **IoT** e **sensori** per l'industria; **smart manufacturing** e **smart materials**. L'evento culminerà nella Startup Competition, un'occasione unica per presentare il proprio progetto a Industrio Ventures, Business Angels e investitori.

Hai tempo per candidarti sino al 4 maggio 2020.

Scopri di più e candidati qui.

Iniziative

European Platform

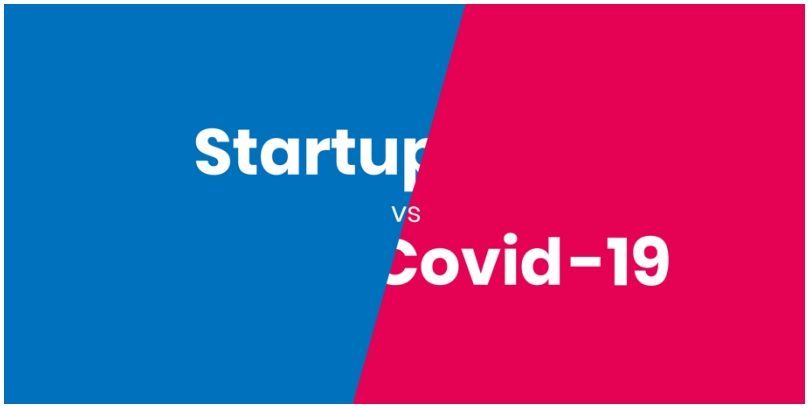
Care & Industry together to fight Corona

È nata la piattaforma di B2B match **European Platform Care & Industry together against Corona**. Registra la tua soluzione, comunica le tue iniziative e le informazioni importanti, spiega quali sono le tue esigenze e trova **contatti** e **partner**. La piattaforma on-line offre la possibilità di instaurare contatti mirati e rapidi con tutti gli attori nel settore **salute**, **industria**, **ricerca** e **amministrazioni** coinvolte.

Scopri di più e registrati qui.

Osservatorio Cariplo Factory

Comunica la tua iniziativa



Hai sviluppato un'idea o una soluzione innovativa per far fronte all'emergenza? **Cariplo Factory** ha realizzato una mappatura –in costante aggiornamento– per tracciare le realtà che hanno messo in campo un'**azione per contrastare il virus** e potrebbero raccontare anche la tua: segnala la tua iniziativa nella sezione dedicata.

Scopri di più e partecipa qui.

Startup survey

Partecipa all'analisi della Copenaghen Business School

Rispondi alla breve survey

CBS COPENHAGEN BUSINESS SCHOOL HANDELSHØJSKOLEN

Partecipa allo studio della **Copenaghen Business School** a proposito delle diverse motivazioni che spingono le startup a scegliere la propria sede. I dati condivisi nel questionario vengono trattati in maniera confidenziale e aggregata, e i nomi delle startup rispondenti vengono citati tra chi ha dato il proprio contributo al lavoro.

Rispondi alla survey qui.

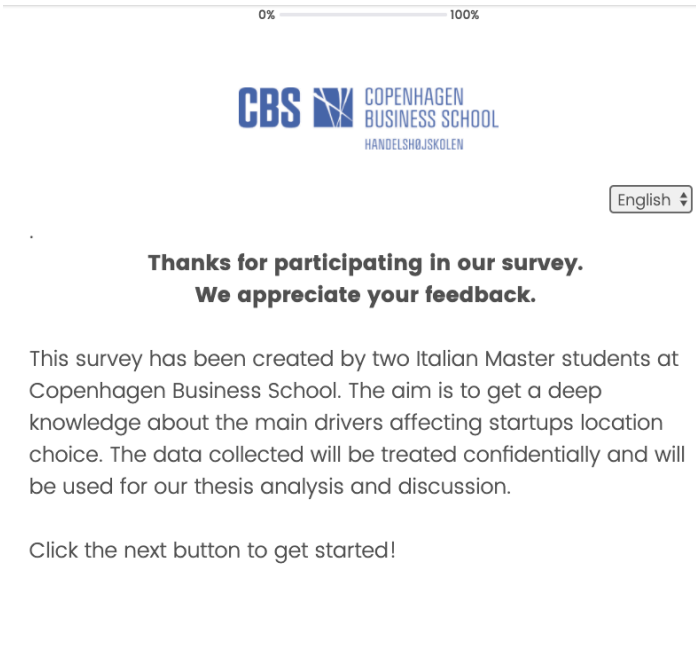
Potrebbe interessarti anche

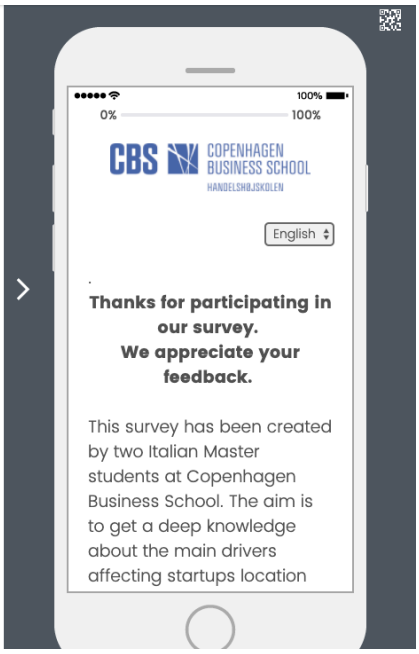
Digital Motor Valley Fest

Online: 14-15 maggio 2020

I prossimi **14 e 15 maggio** si terrà "Innovation & Talents" del **Motor Valley Fest**, quest'anno con un format tutto **digitale**. Se hai un progetto innovativo in ambito **veicolo**, **motori** o **mobilità**, partecipa per avere accesso a questa opportunità di visibilità: avrai accesso alla **pitch session** e a una **digital expo**.

Appendix C- Survey





Area	Literature references	Questions	Yes	No
Respondents Info		In which coutry the starup has been established/founded?		
	https://www.researchg	2. In which city is your startup established?		
	https://www.nber.org/p			
	https://www.techstars.c	3. Please select the industry/sector		
	https://books.google.it/	4. Number of startup employees		
	http://citeseerx.ist.psu.e	5. Do you supply products, services or software?		
	https://arxiv.org/pdf/17			
	https://www.mdpi.com/			
		6. What is your startup name?		
	https://www.researchg	7. Are you the startup founder/co-founder?		What is your role in the organization?
Research	https://journals.sagepub	8. Have you conducted any research before locating?	Which drivers did you investigate on?	
	Porter(1990)			
	https://www.researchg			
Financial	https://journals.aom.org	9. Are there any Venture Capitalist (VC) firm in your city of choice?		
	https://s3.amazonaws.c	10. From 1 to 5,how much the presence/absence of VC influenced your location choice?		
	https://epublications.m	11. From 1 to 5,how much the presence of banks influenced your location choice?		
	https://epublications.m	12. Are banks supplying specific beneficial services for your business?	From 1 to 5, how much the availability of b	
Governamental	https://www.tandfonlin	13. From 1 to 5,has the taxation on newly-established companies influenc		
	https://www.jstor.org/s			
	https://www.tandfonlin	14. From 1 to 5,how much the possibility of having taxation benefit influe		
	https://pdfs.semanticsch			
	https://s3.amazonaws.c	15. From 1 to 5,how much the geographical proximity from the following		
	https://pdfs.semanticsch			
	https://ir.nctu.edu.tw/b	16. From 1 to 5,how much the duration of approval process for licenses/a		
	https://digitalcommons.			
	https://www.tandfonlin	17.From 1 to 5,how much the access to employee affected your location strategy?		
	https://s3.amazonaws.c	18. From 1 to 5, how much the environmental policy (e.g.pollution regula		
	Morgan and Condliffe (2			
Factors of production	http://www.ce.utexas.e	19. From 1 to 5, how much land price for commerce and industry in your c		
	http://www.prism.wash			
	Zacher and Nachuum (20	20. From 1 to 5, how much the availability of resources has influenced your location choice?		
	http://citeseerx.ist.psu.e	21. From 1 to 5, how much rate of unemployment in your city of choice affected your location strategy?		
	https://www.econstor.e	22. From 1 to 5, how much the rate of population economically active in your city of choice affect your location strategy?		
	https://www.econstor.e	23. From 1 to 5, how much the rate of active population with graduate d		
	Porter(1990)			
Business Environment	https://books.google.co	24. From 1 to 5, how positve do you consider the presence of other startu		
	Alcácer, Dezsö and Zhac			
	http://citeseerx.ist.psu.e			
	https://www.nber.org/p			
	https://books.google.co	25. Please specify why		
	Auricchio, Cantamessa,	26. Are you/ Have you been part of an incubator and/or accelerator?	From 1 to 5, how much do you think it helped to:	
	https://s3.amazonaws.c			
	https://www.sbii.org/in			
Internationalization	Farok, 2007	28. Is your startup internationalized? (e.g do you have production sites o		
	https://www.econstor.e			