

Business incubators for regional economic development in Latvia

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Regional economic development in Latvia remains uneven, and business incubators have become a central tool for turning local business ideas into viable new enterprises, especially in rural regions with limited resources. This study evaluates how these regional incubators should be managed to deliver the greatest social and economic benefit. Four ownership and management models were compared — a national development agency, municipalities, regional universities and private organisations — using the Analytic Hierarchy Process, a structured expert decision method, applied by five experts across four criteria groups: available resources, management and supervision, national economic growth, and entrepreneurship development. Private management received the highest overall priority score (0.331), followed closely by the national agency (0.304), regional universities (0.259) and municipalities (0.106). No single owner performed best on every criterion: private operators and universities were strongest for resources and enterprise growth, while the national agency led on exports and investment attraction. The study therefore recommends a balanced, partnership-based model that concentrates incubators in ten to twelve strategically chosen regional hubs, aligned with each region's strengths. Such an approach can strengthen rural entrepreneurship, create jobs, support higher value-added and greener products, and reduce disparities between regions, offering practical guidance for regional and agricultural economic policy.

Keywords: business incubators, regional economic development, commercialization of business ideas, rural entrepreneurship, Latvia.

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Graphical abstract

Which model best runs Latvia's regional business incubators?

Commercializing business ideas to grow entrepreneurship, jobs and value in rural regions

THE QUESTION

Regional development in Latvia is uneven. Business incubators turn ideas into new firms — but who should run them for the greatest regional impact?

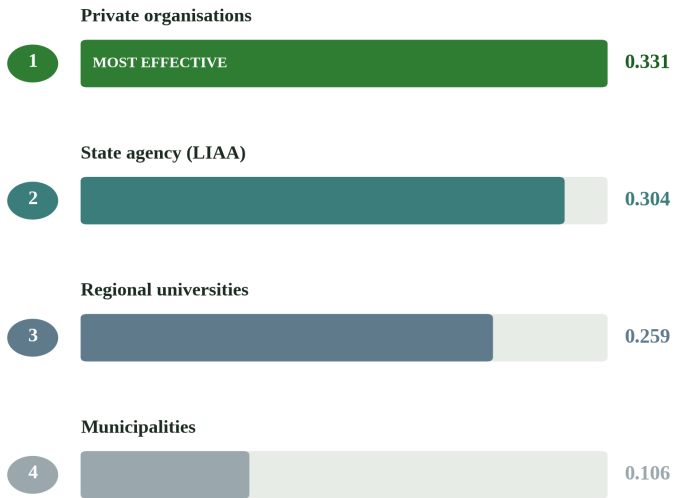
THE METHOD

Five experts ranked four ownership models with the Analytic Hierarchy Process (a structured decision method), scoring each against four criteria:

- Available resources
- Management & supervision
- National economic growth
- Entrepreneurship development

THE RESULT

expert priority score (higher = more effective)



KEY MESSAGE

No single owner wins on every measure. A balanced, partnership model — private operators and universities delivering services, the state agency coordinating — is recommended, concentrating incubators in 10–12 strategic regional hubs to commercialize ideas, create jobs and strengthen rural economies.