

BUSINESS INCUBATOR

BUSINESS INCUBATOR

REPORT

MALTA



INTRODUCTION

Today's youth are the generation of tomorrow. As stakeholders, society and social partner share the same responsibility. We have a role to play if we want that today's youth be entrepreneurs of tomorrow. Strong primary education linked with good quality secondary education; together with vocational training prepare future generation for their productive live. We agree on the importance of building an employment oriented framework for future economic growth that will sustain our youths.

This study is aimed to know what existing services there is in Malta with regards to Business Incubation, whilst continue with a research methodology that was held among 100 vocational students attending the Malta College of Arts, Science and Technology. This study will end with possible recommendations following, the results of the questionnaire, whilst ending with the conclusion.

SKILLS

It's each country prerogative to work on policy to strengthen the ability of workers to adapt to the changing market demands whilst drafting policies to ascertain that their future employee meet the country demands. This requires training to achieve skills needed. This is essential to be able to anticipate the gaps and to align training provision with changing needs in the labour market.

ENTREPRENEURSHIP TEACHING AND PRACTICE

MALTA COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY

In Malta with the introduction of the Malta College of Arts, Science and Technology, courses have been offered for school leavers to acquire skills. Youth are prepared for a smooth transition from school to work and this is the institute where the study for the Business Incubator was carried out. MCAST is the main and only vocational college in Malta.

Support is needed so that our vocational school graduates start their own business, since they are the entrepreneurs of tomorrow. This can be done through training, to address graduates vision, analyze the needs for business set up following market place research. Training has to be broad in order for everyone to gain access to training opportunities, in particular to the weakest and to those in difficulty. In addition practical work need to be given in order to give students that extra benefit when they transit from the school desk to the work place, irrespective of its self-employment, being an employee or founding an own business.

The Malta College of Arts, Science and Technology (MCAST) was established in 2001. It is the country's leading vocational education and training institution with ten institutes in Malta and the Gozo Centre. There are 170 full-time and over 300 part-time vocational courses offered, these ranging from certificates to degrees (MQF Level 1 to Level 6). MCAST prepare students for careers in different sectors of the economy or for higher education.

MCAST collaborate closely with local industries to ensure that the knowledge, skills and competencies within the curricula are appropriate and relevant to a dynamic and forward-looking economy. This relationship stimulates the College's success - with the programmes being flexible, relevant and responsive to the aspirations of students and the needs of industries, which are constantly evolving to meet the challenges of a changing global economy. This is in line with the Mission Statement of MCAST, which is "To provide universally accessible vocational and professional education and training with an international dimension, responsive to the needs of the individual and the economy."

Since the establishment in 2001, over 18,200 students have successfully completed full-time courses at MCAST. Many others acquire new skills and qualifications through our part-time courses every year. Full time and part time courses are offered in 10 different industry sectors, which shows that there is a choice for all prospective students.

MCAST has a wide ranging and unique remit in the post-secondary sector offering courses ranging from Level 1 to Level 6. Within the Malta Qualifications Framework, MCAST provides Level 1 and 2 Foundation programmes for students who may have left formal schooling without any formal qualifications with the aim of helping them to at least achieve a Level 3 Vocational qualification and possibly even more. MCAST also provides Level 4 courses to students who may wish to enter employment at the technician level or who may aspire to continue their studies at a higher degree level. Finally, MCAST offers courses at Level 5 and 6 in which students aim to achieve a first degree.

All of these different levels are an important and vital part of MCAST's mission. In order to strengthen each one of these different levels, it has been felt that MCAST's structure needs to develop further in order to cater in a better manner for the needs of students at different levels.

MCAST is an organisation that incorporates all these levels and emphasis the possibility of

one continuous and strong pathway between the different levels. In order to strengthen its focus on the different needs of students at these different levels, MCAST will be shortly introducing three colleges under the MCAST umbrella namely the Foundation College, the Technical College and the University College.

Foundation College

The Foundation College focuses on providing the best curricula and learning pedagogies for candidates following courses at MQF/EQF Levels 1, 2 and 3 by addressing their specific needs and preparing them for further education at the Technical College.

Technical College

The Technical College provides further programmes of study at MQF/EQF Level 4 in closer collaboration with industry. The Advanced Diplomas on offer prepares students with the right knowledge, skills and competences in order to take up technical positions within industry or progress to the University College should they prefer to do so. Level 4 programmes incorporate a wide range of apprenticeships in various fields of studies thus enabling our students to also gain practical work experience while studying.

University College

The University College caters for higher education programmes and vocational degrees while also working in close collaboration with industry in order to provide professionals that are both academically prepared and practically trained to satisfy the needs of the local industry.

The Institutes and Centres provide all the technical and professional expertise towards the delivery of all programmes at MCAST while having the main aim of driving forward all the areas of study under their respective responsibility with an outlook towards the future. This corporate structure enables each College to create focused strategies that address the specific needs of students at each level while maintaining a healthy dialogue with all interested stakeholders in order to provide the best programmes for the needs of the local economy and society.

MCAST Entrepreneurship Centre (MEC)

MCAST has launched the Entrepreneurship Centre (MEC) in year 2015. The MCAST Entrepreneurship Centre (MEC) aims to provide MCAST students and alumni with the opportunity to transform their creative and innovative ideas into profitable and sustainable business ventures.

The MEC encompasses a series of activities that address the needs of MCAST students and alumni delivering tailored business training, facilitating business registration, enhancing access to markets and providing spaces for business development. Additionally, working in partnership with non-profit, public and private sector organizations, the MEC focuses on supporting start-ups to grow into enterprises

MEC is aimed at preparing youths and adults to succeed in an entrepreneurial economy based on two major thrusts. On one hand there is the development of a curriculum targeting all the levels of education at MCAST (levels 1- 7). This is coupled with entrepreneurial related activities sourcing from the MCAST Entrepreneurship Centre

contributing to the education aspect to inform and captivate students and more actively guiding them to transform their ideas and dreams into something realistic.

Curriculum Development at Foundation College Level (Levels 1-3) focuses at providing awareness and engages students in entrepreneurial initiatives. At the Technical College level (Level 4) the focus is on a 3 tier approach aimed at equipping students with the knowledge, skills and competences requires to succeed in their working environment and furthermore aid students who develop an entrepreneurial flair to open up their own business venture. At the level 5 to 7 the aim is to enthuse and further expose students to entrepreneurial relates case studies and real life situations.

The MEC contributes further to the educational needs of the students by offering specialized, focused and individual training which is normally delivered by entrepreneurs themselves. In conjunction with training, mentoring is also considered as an important service offered by MEC. This is one of the most crucial aspects of entrepreneurs as it helps students to avoid common pitfalls and guide students to increase their full potential. But MEC is also seeking to work with other professional entities which provide focused expert advice to the students. Similarly, the MEC strives to build strong networks with local and foreign entrepreneurs and enterprises in order to expose its students to industry. But apart from MCAST, which is targeting vocational students of the same college, other services are offered such at the Centre for Entrepreneurship and Business Incubation at the University of Malta.

CENTRE FOR ENTREPRENEURSHIP & BUSINESS INCUBATION

The University of Malta was officially set up the Centre for Entrepreneurship and Business Incubation (CEBI) in 2013. But has its origin traced to 2010.

CEBI was set up to encourage the development of a knowledge-intensive entrepreneurial culture in Malta, with the wider aim of fostering the socio-economic development of the Maltese Islands. The center targets knowledge -intensive sectors such as science technology, engineering and creative media at the University of Malta. Thus, in order for these targets to be achieved, and to put knowledge intensive entrepreneurship at the top of the University of Malta's outreach agenda, CEBI was set up with the aim to:

- Provide hands-on, post-graduate education and training programs for entrepreneurs in knowledge intensive sectors;
- Promote and catalyze the incubation of start -up companies in various sectors including, ICT, Engineering, Science, Media and the Creative Industries. In this respect the CEBI board will be providing strategic direction to the University of Malta's new Business Incubation Centre, which is to co-manages together with the Knowledge Transfer Office;
- Promote the setting up of Start-Up Funds, Business Angel Networks (BANs) and Venture Capital Funds to finance new business ventures.

In addition within the Centre for Entrepreneurship and Business Incubation there is also the takeoff programme.

TAKE OFF

The TakeOff Business Incubator at the University of Malta was set up in 2014, and opened the doors to start-ups. The goal is to assist graduates/students to develop their business ideas and making them market-ready. Today, the facility boasts 18 start-ups at various stages who together have raised over Euro 500,000 in investments.

Takeoff offers co-working spaces, private offices social spaces and meeting rooms, and provides guidance through its expert staff, business development support networking opportunities, mentoring, and access to financing, training and promotion. This enables entrepreneurs at the incubator to create, package, market, manage, find and develop their idea into a successful business. The aim is “to support TakeOff’s member’s in getting their first investors or customers and to seeing them on their way to creating successful ventures” said Andy Linnas manager of the TakeOff Business Incubator.

But apart the education entities that are the University of Malta and the Malta College of Arts and Technology even a non-government and non-profit organization is offering its service to teach the skills to young entrepreneurs.

JUNIOR ACHIEVEMENT YOUNG ENTERPRISE

The Junior Achievement Young Enterprise is a non-government, non-profit organization that has been in Malta since 1989. The objective is to provide entrepreneurship education courses for all levels in the education system. JA-YE Malta brings sectors from both private and public together, that is in order to give young people in primary and secondary schools and early university with high-quality education with skills on enterprise,

entrepreneurship, business and economics in a practical way. Participants have always been enthusiastic about the experience gained. The organization is known in Malta for the delivery of the Company Programme whereby more than 5000 students since 1989 have become achievers through this programme. Students are given the chance to develop a number of soft skills which are team building, time management and risk assessment in a learning-by-doing manner.

The vision is to bridge the gap between the school desk and the place of work. JA-YE Malta is uniquely positioned to equip students with the skills needed by providing young people the knowledge and skills they need to gain economic success, plan for their future and make smart academic and economic choices. The business community and volunteers lend their support to teach students the skills needed to successful in this changing world. It gives young people the knowledge and skills required to own their own economic success, plan for their future and make smart academic and economic choices,

In the Company Programme students learn how to take a business idea from concept to reality. They form their own real enterprise and discover first-hand how a company functions. They elect a board of directors from amongst their peers, raise share capital, and market and finance a product or service of their own choice. At the end of the programme they present a report and accounts to their shareholders.

Since its launch, students have had, hands on experiences to develop new skills such as teamwork, leadership and presenting, planning and financial control as they learn to take responsibility for the success of their company. It's the perfect preparation for working life. The programme is supported by volunteer advisers from the business world who are there

to help to guide and mentor the companies. The JA-YE Company Programme is recognized by the European Commission Enterprise Directorate General as a 'Best Practice in Entrepreneurship Education'.

The Junior Achievement Young Enterprise Malta Foundation is offering the chance to participate in the JA-YE StartUp Programme. The StartUp Programme gives tertiary and vocational students aged 18 to 30 the opportunity to experience the setup and running of their own company, by giving them insight into how their talents could be used to set up a business themselves. Through this participants gain real experience of the world of business since they are creating a business concept, carrying out market research, creating budgeted financial statements and finally drawing up a business plan to present to a panel of judges. In addition this programme is supported by volunteer business consultants, who help the teams in every step of the way.

But apart the educational sectors, the non-government/non-profit organization, there is also the Malta Enterprise which is public sector Company that is also giving its service to entrepreneurs to start their business through the Business Incubation Centre.

BUSINESS INCUBATION CENTRE (KBIC)

The Business Incubation Centre is an economic development tool designed to accelerate the growth of an entrepreneurial start up through the mobilization of an array of business resources and services. In this regard the Malta Enterprise is managing the Kordin Business Incubation Centre (KBIC) which is a mixed technology oriented style incubator. KBIC provides a cost-effective business environment, a professional image with managerial expertise geared to the needs of small business.

The Kordin Business Incubation Centre (KBIC), is a mixed technology oriented style incubator. KBIC provides a cost-effective business environment, a professional image with managerial expertise geared to the needs of small business. Business incubation is an economic development tool designed to accelerate the growth and success of entrepreneurial start-up efforts through the mobilization of an array of business resources and services.

The facility has a gross area of 4,800 sq m, a tenancy area of 3.200 sq m and an additional capacity of about 1,500sq m. It consists of 57 units, ranging from 25 sq m to 100 sq m, thus providing a flexible space arrangement. Each unit is equipped with a basic infrastructure of electricity supply, water, telephone service and furniture.

The formal incubation period is set between a minimum of one year to a maximum of three years, the target industrial groups that KBIC is focusing on are:

- Engineering Design and Development of Equipment Systems
- Renewable Energy Resources
- Biotech Projects
- Other Innovative Projects

In this extent, this shows that in Malta a number of opportunities are offered to vocational, post-graduate as well to the general public. However, with this array of services there still exist a vacuum which need to be addressed.

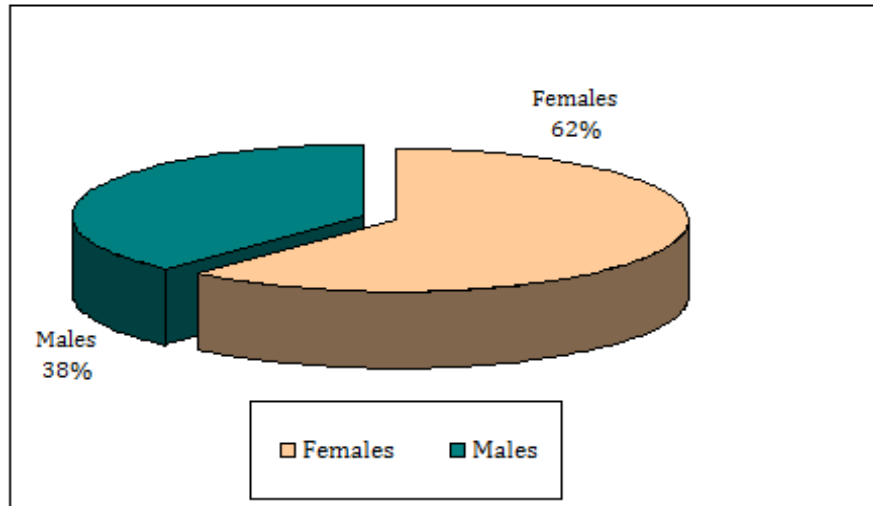
METHODOLOGY DESCRIPTION

The data was collected from November to May 2015. A questionnaire was distributed to vocational students attending the Malta College of Art, Science and Technology. The sample was distributed to students of Applied Science, Beauty, Business and Commerce, Cookery, Environmental Sustainability, Health and Social Care and Electronics.

A designed data collection tool was submitted for the purpose of this report. The questionnaire was specifically given for this project. However, the questionnaire had some limitation due to the English grammar. It has to be noted that in a qualitative research, the researcher must be sure to clearly communicate the right message that is understandable to the respondents as this tends to give different answers which might differ in the analysis of the results. In some cases respondents did not understand the question and therefore the answer was biased and as such was one of the major limitations.

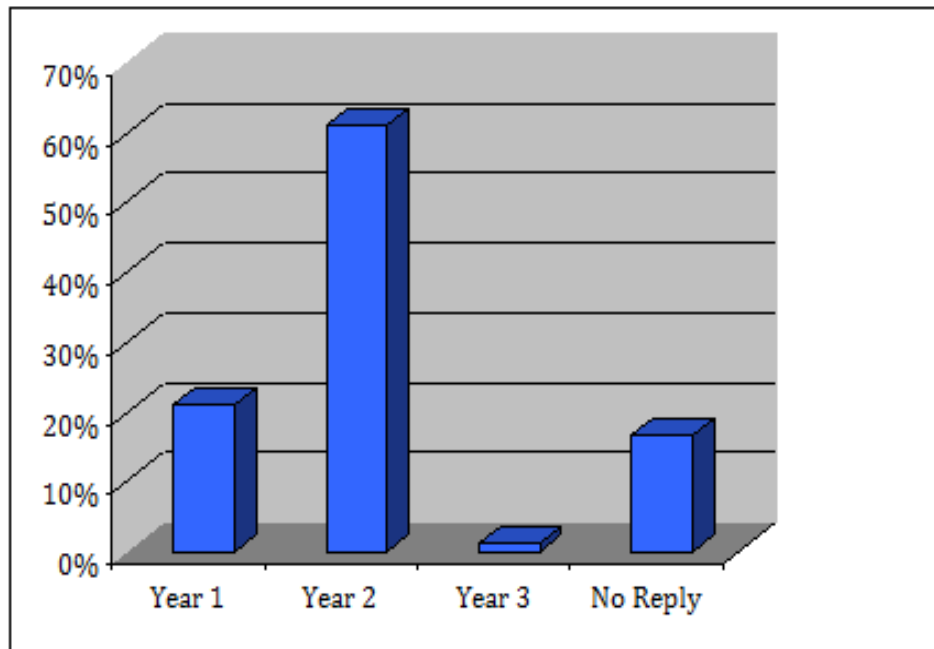
Qualitative data was analyzed manually through an excel sheet. Demographic data in connection with the following variables, gender and age were used to facilitate the analysis of possible variations.

The sample chosen of vocational students was that of 100 vocation students who attend the Malta College of Arts Science and Technology. Respondents for the questionnaire were 62% females and 38% males. The results show that as regards to the gender there are still professions which are culturally traditional associated with females and with males. The professions that are associated with the male gender were applied science, environmental sustainability and electric and electronics.

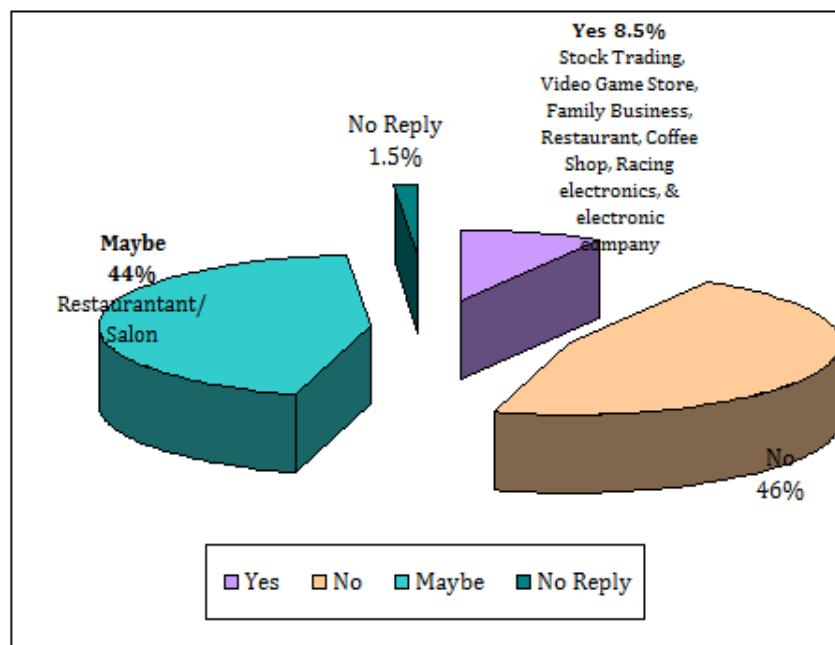


Age varied from 17 to 38, 17 being the youngest whilst 38 being the oldest. The oldest age is associated with the course of Health and Care, whilst the youngest is associated with electric and electronics. But, the overall average age of the respondents was 20 years of age.

Respondents from the various courses differed in the years old study. Questionnaires were given to Directors of Institutes who delivered the questionnaires randomly within the date given. The following graph shows that the questionnaires were delivered to students from Year 1: 21%, Year 2: 61% and Year 3: 1.2% of studies. A limitation of this question was that 16.8% of the respondents didn't include the year of studies when answering the questionnaire.

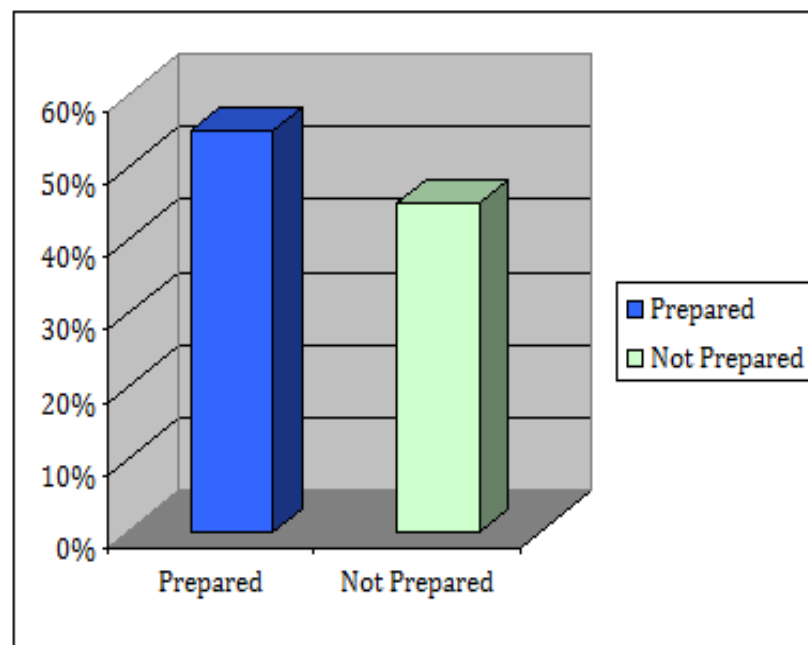


Meanwhile, the questionnaire asked if respondents were planning to open a business. When respondents were asked whether they are planning to be an entrepreneur when they finish school, respondents replies yes 8.5%, no 46%, maybe 44/ % with 1.5% not answering the question. The following pie-chart shows the responses as well as identifying what business they were planning for those who replied yes.



In another question, respondents were also asked whether MCAST prepares students to be an entrepreneur. Result shows that 55% of the respondents replied in the affirmative whilst 45% replied that thru the vocational studies they are not prepared. In this regard it has to be noted that those who replied in the affirmative were undertaking the 2nd year of Business and Commerce and the 1st year Electrical and

Electronics. On the other hand those who stated that they are not prepared were mostly in the first year with a few being in the third year.



Following the above questions those respondents who replied that MCAST prepare students, respondents were asked to describe in which way the school support the young person, what is the main knowledge, skills, competences which are being provided. In the majority, those who replied yes stated that they are supported by means of: Lectures, Presentation, Visits, Talks and Seminar. It is important to note that respondents who replied were 2nd year of Business and Commerce whereby there course tend to go into

detail in the business/management sector. In addition to this 1st year electrical and electronics stated that they have lectures and thru their apprenticeship they gain work experience. This could also be since this year MCAST launched the Entrepreneurship Center and the curriculum is developing to address entrepreneurial lectures.

On the contrary respondents who replied no, were asked to describe what is missing in this preparation, what kind of preparation would help a young person to become a successful entrepreneur? Result show that some of those who are in the first year have not yet been taught any entrepreneurial lectures. They stated that they wanted more information, such as talks, lectures, seminars, conferences, visits on the place of work, meeting entrepreneurs, real life experience, information on government funding, permits. One has to note that one respondent who is undertaking the 2nd year of business and commerce stated that there is no emphasis in the preparation.

Thus, not all respondents perceive the same situation even it's the same college and sometimes the same course. This may be due to the difference in Institutes and Courses and also since students are of different gender and age. But it can be noted that not all courses give the same emphasis on entrepreneurial lectures in the course of studies.

Respondents were also asked how you think why so few young people decide to start a business after graduation. In relation to this question, 14% of the respondent did not reply however those who replied stated graduates do not start a business due to:

- Capital
- Afraid

- Lack of creativity

But apart from the top three answers other respondent replied that they are afraid due to number of reasons which are:

- Capital, not willing to take risks, job stability
- Capital and support
- Capital, skills and knowledge
- Capital and Responsibility
- Competitions
- Lack of info
- Capital, not willing to take risks, job stability
- Capital and Afraid
- Capital and Risk
- No Education
- Capital, Bankruptcy and lack of courage
- Capital and Competition
- Capital and Stability
- Knowledge and skills

- Do not want to be a self employed
- Capital, not willing to take risks, job stability
- Opportunities to work
- No encouragement
- Capital and Maturity
- Capital and Experience
- Capital and Motivation
- Hard
- There are already a lot in business

It has to be noted that the major concern or common factor among students is that they foresee the major problem is the money factor i.e. the capital by which to start up a business. However, then there other secondary factors which are added to the capital, which are skills, experience and knowledge to develop an idea, which shows that respondents are still young to take a decision about their future.

Meanwhile, respondents were asked to finish three questions, mainly:

- To decide to become an entrepreneur, I would need
- In my mind, the biggest advantages of being the entrepreneur are,
- If I decided to start a business, first I would ask for advice and support

As regards to the first question, there was a limitation since some of the electrical and electronics students did not understand the question. However, the majority continued the sentence by stating that they need capital (money, equipment, and place). However, apart capital they continued that they need skills, knowledge, experience and support.

Few respondents continued with luck, maturity, determination, market search, training, drive, courage, creativity, innovation and idea. Interestingly enough from those students who replied that yes they want to open a business their major concern is capital, skills, knowledge, determination, experience and luck. Commonly enough the biggest advantage of being an entrepreneur is that of being your own boss, making profit and having flexible hours. Respondents replied that they want to be the boss in order to have flexible hours and do what they want without having someone to watch over them i.e. the time of arrive and leave work.

Other one off replies that followed with own boss and making profit are leading others, independence, fame, unique satisfaction, inspire others, being a competitor, dream come thru, be innovative, have a sense of fulfilment, put into practice what you studied for, job satisfaction, decision maker, launch new products in the market. These replies show a more maturity from respondents, given that the replies do not focus on being the boss, but the concern is about innovative product, succeeding in the market and a sense of fulfilment. When comparing the answers to those students who replied that they want to open a business in transpires that there answers are being a decision maker, launch a new product in the market, independence, fulfilment which shows their will and motivation for entrepreneurial activities.

As regards to the final questions which asked “If I decided to start a business, first I would ask for advice and support”, consensus was reached that they would ask advice and support from established entrepreneurs. Still some added also family teachers and the bank. Therefore, there is a consensus that to open an entrepreneurial business one need good advice from established people already in the industry.

RECOMMENDATIONS

In line with the existing services and with this study it is recommended that:

- Existing services are listed together in one website;
- All students are given credits on business studies i.e. planning, research, needs analysis;
- Students are made aware of what services there are thru student advisory;
- Visits, seminars are held so that students understand that being an entrepreneurs is much more than being your own boss i.e. having a flexible working week;
- Market research is done;
- Creative thinking workshops are held;
- Internship is given to students to spend a year with established entrepreneurs;
- A fund is made available for those who want to start their own business;
- Professional people (financial, HR, lawyer) are engaged to give their service in the start-up timing to follow young entrepreneurs;
- Mentoring in the first years;

- Have a 24 hours telephone service for support for those who start a business;
- Everyone is given the chance;

CONCLUSION

We cannot emphasize enough the importance of training our youth. Therefore, if we want our graduates to be the entrepreneur we have to follow the saying “*if you want to plan for a year sow a plant, if you want to plan for a decade plant a tree, and if you want to plan for a life time educate people.*” By educating the students, attitudes and skills are developed in order for graduates to gain personal success, and employability. They gain the insight into self-employment, business creation and risk taking.

The market need to constantly respond to challenges by seeking to explore avenues of the collaboration in order to engage and partner with industry and enterprise- including public and private sector institution- in order to ensure that our youth engage in entrepreneurial activities which is also of benefit to the economy.

We have to adapt to tomorrow needs and create a culture that is conducive. Students need to start learning from the first year although they are still at a young age when it is still early for them to decide for the future. However, if students are thought and know what opportunities, then they would be in a better position to plan for the future. Hence, students need to be thought that having your own business is not only about having free time and flexible hours but that more working hours need to be inputted in the business if the business is to thrive. Students need support, skills and knowledge that can be gained theoretically from the class but also practically from

the place of work and emphasis need to be made on internship for students with establish entrepreneurs.

Last but not least, funding problem need to be addressed since the capital to start up a business is the biggest burden, however this need to be taken at pair with professional service for mentoring through the startup phase. In this way more vocationally graduates and past graduates will decide to start up there business.