

Business Development of Start-ups in the Maltese Dynamic Economy



By

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Abstract

At its fundamental stages, business development as taken up by start-ups is crucial in defining and paving the way for the company's future. This study sets out to understand business development of start-ups in the Maltese dynamic economy. Earlier studies shed light in Malta as a small island state. However, no apparent literature exists on how business development is undertaken by start-ups in Malta's economy. An abbreviated version of grounded theory has been adopted via semi-structured interviews to both start-ups and CSP's, Gov and non Gov entities. Through this method, constructing knowledge from the ground up sheds light on how specifically business development is undertaken by Maltese start-ups.

A variety of findings were gathered from this study, however there are a number of particular findings which are imperative to this study. Firstly, one of the main findings was that business development has been observed to be exercised by the majority of start-ups within Malta with the aim of achieving growth. This is greatly dependent on the circumstances of the start-up and also on the willingness of the founder/s to practice business development. Moreover, business development within start-ups was also dependent on the current state of Malta's start-up eco-system. They concluded that although Malta has done good progress in the past few years, more needs to be done.

Further opportunities of research have opened up from this dissertation. These include further exploration into how small firms undertake business development within Malta's island state, Malta's SMEs eco-system and how it supports business development, amongst others.

Keywords: start-up management, start-up development, entrepreneurship, start-ups, economy.

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List of Acronyms

NSO – National Statistics Office

SMEs – Small to Medium Enterprises

NSO – National Statistics Office

EC – European Commission

BM – Business Management

BD - Business Development

GT – Grounded Theory

1. Introduction

1.1 An introduction to the dealings of start-ups

In their beginning stages, start-ups are at the most crucial part of their journey. It is the phase when start-ups are struggling for existence, face financial challenges and tough managerial decisions (Salamzadeh and Kawamorita Kesim, 2015 p.2). Over the past years, Malta has proved itself to be a thriving incubator for such start-ups, offering several incentives and resources for these businesses to build their foundations and develop. According to the National Statistics Office (NSO) (2021a), a total of 2,589 new businesses have been registered with the local authorities in 2020. COVID19¹ has had its impact on business registrations as these fell by approximately 1000 from the previous year which stood at 3,546 (NSO) (2021a).

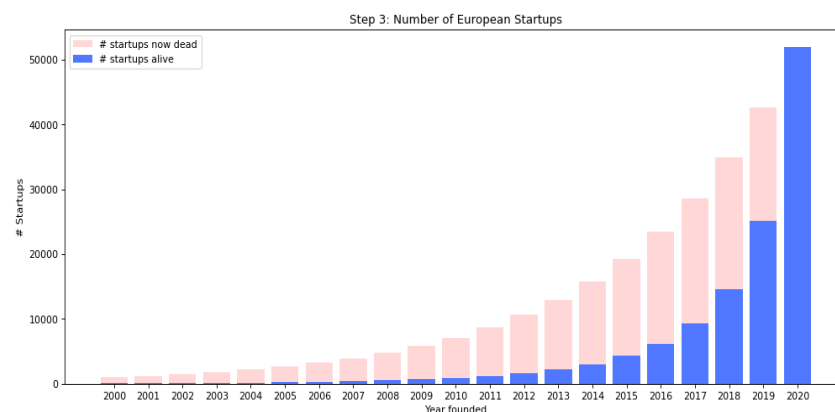


Figure 1: Number of European Start-ups by Year (Hoekman, 2020)

¹ COVID19 is a contagious disease and has been marked as a pandemic since 2019. The first known case was identified to be in Wuhan, China (COVID-19 – Wikipedia, 2022).

As can be observed in Figure 1, between 2000 and 2018 there were more start-ups that were being liquidated than being created. However, this seems to change from 2019 onwards where more start-ups were created than struck off. This study aims to identify the main business developmental strategies that Maltese start-ups prioritise and the barriers they encounter. It intends to investigate the stimulations and preliminary plans when creating a start-up, evaluate start-up management execution in a conventional corporate management setting as well as the allocation of roles and resources. Lastly, this study aims to explore the reasons of growth within Maltese start-ups.

1.2 Defining a Start-Up

The definition of a start-up needs to take several factors into consideration which highlight the start-ups' characteristics. These factors include age, innovation, and growth. The main factor is the age aspect with start-ups not surpassing 5 years of operation. Other aspects include the innovative aspect, with the aim of being a differentiator (however, not always the case) and the growth aspect, focusing on rapid expansion (however, again, this is not always the case). To be more precise, a start-up is a young company founded to develop a unique product or service, bring it to market and make it irresistible and irreplaceable for customers (Baldrige and Curry, 2021). Therefore, start-ups are what drive innovation and new products to markets and each start-up passes through a unique lifecycle to remain in operation.

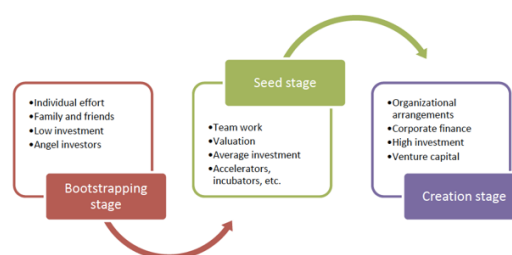


Figure 2: Lifecycle of Start Ups (Salamzadeh & Kawamorita, 2015 p.6)

The entrepreneur is someone who, when even faced with risk and uncertainty, is able to create a business that achieves profit and growth by assembling the necessary resources to capitalize on those opportunities (Scarborough et al, 2006). In order to find out more information on SMEs and Start-ups please refer to section 2.2.

1.3 Corporate Strategy

Corporate Strategy can be summarised as the overall scope and direction of a business. For any business decision to be taken, an organisation needs to understand its current situation, the options that it has at its disposal and lastly how to implement the strategy that it chooses (Johnson, Scholes, and Whittington, 2008). The strategic position needs to be analysed by understanding the current environment, the capability of the business, the purpose, and the culture that the organisation has. The strategic choices are then analysed by looking at the business level and corporate strategy, international opportunities, evaluation, and innovation (Johnson, Scholes, and Whittington, 2008).

Lastly, the strategy chosen is put into action through different processes and practices.

Corporate strategy from a small business perspective function very differently from that of large business. One must not make the wrong assumption that it either functions the same or that it's a downscaled version (Johnson, Scholes, and Whittington, 2008). This is especially highlighted within businesses at a start-up phase. Start-ups amalgamate their corporate strategy according to their needs and requires periodical reviews from time to time. For more on corporate strategy, this will be further investigated in section 2.3.

1.4 Business Management & Development

Business management can be summarized as the systematising of business resources and activities. It is the continuous management of the organization's resources through planning, directing, and controlling for effective performance (Broom et al, 1983; Baumbach, 1983; Scarborough and Zimmerer, 2006). Most literature which relates to business development starts off on reasons of failures and successes of businesses. From a small business's perspective, reasons for failure may include lack of good overall planning, inadequate marketing, improper financing, poor management amongst others (Corman & Lussier, 1996). As stated through literature, success factors of small businesses may include good organization, initiative, the right technical competence by the owner, leadership, good managerial ability, and pre-ownership experience amongst others. Business management optimizes the overall corporate strategy and also the business development strategy being sought for. Before delving into strategies, we need to have a good understanding of the overall idea of business development. Business development can be summarized as the ideas, plans and actions incurred by a company to increase its revenues, business expansion and profitability while also creating long-term value.

However, this cannot be applied the same for all companies as each and every company may have different motives. For large and small businesses this could mean, for example, forming strategic partnerships and relationships, networking, and various others. For start-ups this could mean survival by diversifying in order to remain relevant within the market in which the business is operating in. From a start-up perspective, business development is what will determine the organisation growth potential and future. However, this can be very hard as start-ups face continuous crises points within their existence with most start-ups not surviving beyond 5 years of existence. To summarise, therefore, if chosen correctly, the corporate

business and developmental strategies will lead to any companies' success irrelevant of company size. Such topics will be further investigated in section 2.5.

1.5 Need for the study

There is a gap in the literature when it comes to business development and management as executed by start-ups within Malta's economy. Within the local context, there are very minimal studies which identify business developmental success factors and what they consider as most important. Therefore, this study will shed light on start-up business development exercises within a Maltese context.

1.6 Scope and limitation to the study

This study focuses on start-ups within the Maltese economy as bestowed on them. Other areas of Maltese legislation such as human resources management will be omitted from this study due to the limitations in time. The main aspect of HR management that will be included in the study will be the entrepreneurial involvement within the start-up.

The results of this study could be used by entrepreneurs to improve their business development and management strategies and priorities within their companies. It could also be used by governments to create business development and management-oriented incentives so that these start-ups can expand even more and move from being classified as an SME to a thriving business such as a large firm. The study analyses start-ups within the Maltese economy which cover a varied number of sectors and industries. Therefore, one cannot make use of this study to answer business development and management questions which relate to a specific sector or industry.

1.7 Research Objectives

There are various objectives that will be reached in this study. These include:

1. Understanding the preliminary plans and stimulations in creating a start-up company in Malta.
2. Evaluating management execution in start-ups when considering the variants in conventional corporate management.
3. Investigating the allocation of roles and of corporate and structural resources in relation to business covenants for development growth and
4. Analysing the growth of start-up companies.

These research objectives will be contributing to the ever-increasing literature which is found about business management and development and how this is implemented in Maltese start-ups. These are further explained in the Methodology in section 3.4.

1.8 Research Method (Methodology)

This research will be undertaken in a qualitative, interpretivist, inductive manner and will make use of a cross-sectional research design through semi-structured interviews. Such interviews will be conducted with some of the main contributors of start-ups in Malta, namely business owners, entrepreneurs, start-up management teams, professional service providers, governmental organisations, and non-governmental entities. An abbreviated version of Grounded Theory has been chosen as the preferred research strategy. A further

explanation on the methodological method which has been used for this study can be found in the methodology in section 3.3.

1.9 Dissertation Overview (Thesis Outline)

This dissertation is split into 6 chapters. The 1st chapter goes through a basic summary on the dealings and definition of start-ups, corporate strategy, business management and development, the need for the study, the scope and limitations, the research objectives, and the research method that will be utilised. The 2nd chapter goes into the current literature of SMEs, their characteristics, start-ups, and their place in Malta. It also focuses on corporate strategy and we also touch upon the Maltese economy, then on business management and Development and any literature on business development of start-ups in Malta. This should provide a thorough overview of what start-ups, corporate strategy and business management and development are and how they are depicted in the literature.

The 3rd chapter gives an overview of how this study will be undertaken and what methodology will be used thereby underlining the parameters of the study. The 4th chapter confers the findings of the research study while the 5th chapter includes a thorough discussion of what has been found. The 6th and final chapter then concludes by summarising the findings and providing suggested recommendations on start-up development as is needed in Malta.

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| | |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chapter 1 | The introduction outlines BD, why this study is being undertaken and outlines the rest of the chapters. |
| Chapter 2 | The Literature Review understands what BD is, delves into start-ups with a later focus of those which are situated in Malta. Later, literature of BD within Start-ups in Malta is explored. |
| Chapter 3 | The methodology highlights the philosophical approach, research strategy, design, collection method, the analysis process, ethical considerations, and the limitations of the study itself. |
| Chapter 4 | The analysis and findings are the conclusion of the coding processes from the interviews... TBC. |
| Chapter 5 | The discussion examines up close the results from the analysis and findings and debates how BD and start-ups are related TBC. |
| Chapter 6 | The conclusion summarises all the thesis and sets the way forward for future studies within the field of BD.... TBC. |

Table 1: Structure of thesis (Self-Elaborated)

2. Literature Review

2.1 Introduction

This literature review will tackle knowledge on SMEs, their characteristics, and start-ups that are found in Malta. Then we will delve into corporate strategy to develop a good understanding on long-term business decisions and management execution. This will form the pediment needed to delve into literature of business management and development literature, and how it is executed in start-ups and any literature which is found on the subject in Malta.



Figure 3: The literature domains that form the research questions (source: self-elaborated)

2.2 SMEs and Start-Ups

2.2.1 SMEs

Each country around the world has a different definition when defining Small and Medium Enterprises (SMEs). In the case of this dissertation, the EU definition will be adopted. SMEs in Europe make up 99% of Europe's economy (EC, 2021). The exact European definition of what constitutes an SME is as follows:

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| Company category | Staff headcount | Turnover | or | Balance sheet total |
|------------------|-----------------|----------|----|---------------------|
| Medium-sized | < 250 | ≤ € 50 m | | ≤ € 43 m |
| Small | < 50 | ≤ € 10 m | | ≤ € 10 m |
| Micro | < 10 | ≤ € 2 m | | ≤ € 2 m |

Figure 4: SME definition (European Commission, 2021)

Within this literature review, both the SME and Start-Up aspect serve as the starting point for our discussion concerning corporate strategy, business management and development from a start-up point of view. For a more global context on SMEs, according to the World Trade Organisation (WTO) (n.d.) these companies form up about 90% of the business community around the world being responsible for 50% of employment worldwide with most jobs offered by the industry are found within services. Other sources also indicate a number close to 90% varying from 80% to 90% of total economic contribution (Lemar & Nekzada, 2014).

2.2.1.1 SME Characteristics

SMEs have several characteristics which sets them aside from large businesses. According to Lemar and Nekzada (2014) and several authors which they quoted within their studies, SMEs carry certain unique attributes and advantages. SMEs are flexible, innovative and are faster in decision-processes when compared to larger firms (Lemar & Nekzada, 2014). Moreover, cluster effects amongst SMEs align their business activities due to being in proximity of each other. This can be observed within Silicon Valley which is found in the United States (Shueh, 2009). SMEs also take advantage of networking opportunities which compensate for the lack of resources. Small scale businesses also differentiate themselves from large businesses via added value to products, services and processes while focusing on high business growth. However, given their volatility, sustainable development of SMEs might be hindered due to

several factors such as changing market conditions, and fast technological innovations (Dodge & Robbins, 1992). Such factors fuel the failure rate of SMEs with 55% business failing within the first 5 years and 81% failing after just 10 years of operation (Dodge & Robbins, 1992).

Contrastingly, Matt, Modrák and Zsifkovits (2020) bring this into light with the revolution which Industry 4.0 is bringing with it, highlighting that SMEs adapt faster to the rapid digital transformation to remain at the forefront of the markets which they operate in. Along the studies of Lemar and Nekzada, Verma (2021) also add that SMEs are labour intensive, employ less people and minimal management is required. Verma also highlights the importance of SMEs in each country to eradicate unemployment while also creating different opportunities within industries. When start-ups are put into perspective, it is essential to distinguish between SMEs and start-ups as these are different in nature. Although start-ups fall under the SME European definition, they are to be distinguished by their choice of technology, business model, risk, objective, funding, and innovative characteristic as start-ups tend to be more disruptive on this (Verma, 2021). Moreover Bajajfinserv (2021) further sets this distinction “*as a temporary organisation searching for a repeatable and scalable business model*”. Contrastingly, it is wrong to assume that small firms aims are to continue growing into a large enterprise.

2.2.1.2 SMEs in Malta

According to the Maltese national statistics office (NSO), a total of 38,317 SMEs were registered with the local authorities in 2019, employing a total of 177,431 with a turnover of 26,085,000eu (NSO, 2021c). Furthermore, SMEs in Malta contribute to 99% of all business

in Malta with 97.3% employing less than 10 people (Grech, 2018). Such Maltese SMEs provided “more than three quarters of the value-added generated” in its non-financial business economy (Matt, Modrák & Zsifkovits, 2020) During 2019, the largest number of SMEs were observed to be in services, wholesale and retail trade and construction (NSO, 2021c). Although these remain the flagship industries, other industries also continue to thrive such as financial services and remote gaming. Contrastingly, the European Commission through its SBA (Small Business Act) 2019 fact sheet highlights that the SME Maltese environment in the past few years has enhanced significantly, however, improvement is still required on areas such as the ‘second chance’ concept and innovation.

Governmental efforts, however, have been noted in areas of entrepreneurship, access to finance, skills, and various others. Several recommendations are also suggested in moving towards a more sustainable and resource-efficient economy. To date, several Maltese authorities and governmental entities continuously work in attracting and aiding SMEs such as Malta Enterprise, which offers guidance and incentives to such companies, and other governmental entities such as Tech.MT, Gaming Malta and Finance Malta a home for technological, gaming, and financial SMEs. This shows the country’s commitment to these industries. Moreover, other non-governmental entities include The Malta Chamber of Commerce and the Malta Chamber of SMEs, a voice for Maltese SMEs.

2.2.2 Start-Ups

According to the European start-up network, a start-up is a company which is independent, younger than five years and aimed at creating, improving, and expanding a scalable innovative technology with rapid growth (Yaroulnia, 2021). The entrepreneur’s job is thus to turn ideas and entrepreneurial spirit into a successful business. As stated earlier, although

start-ups are part of the SME definition, they are to be differentiated from SMEs by their age with start-ups starting from conception up until 5 years of age. In terms of industry distribution, 7.1% of start-ups worldwide currently operate within the financial technology (fintech) industry followed by life sciences and artificial intelligence (Minaev, 2021). Putting statistics aside, when further analysing start-ups, although good at creating disruption in markets, these small firms have a very high failure rate due to several reasons (Baumback, 1983; Corman & Lussier, 1996; Murphy, 1996; Beaver, 2002; Scarborough and Zimmerer, 2006; Griffith, 2014; Mazzarol and Reboud, 2020; Minaev, 2021). Reasons which are business management and development related include no market need, running out of funds, lacking a proper business model, poor marketing strategy, not having the right team and having too strong of a competition. This will be further tackled in section 2.5.

In line with these studies, Salamzadeh and Kawamorita (2015) identify that although start-ups experience common challenges, unique key areas confront start-ups which include finances, human resources, support mechanisms and environmental elements. Such problems have a direct connection with the start-ups business model adopted by entrepreneurs, and it is up to them to make sure that their business model is feasible. At the end of the day, the business model is what will define the start-ups performance. On this note, when taking a closer look at the structure and consequences of business models adopted by start-ups, the findings of Slávik (2019) indicate that the business model blocks of a start-up are not developed equally with the block of customer value proposition being the most developed, while the revenues block being the least developed.

It was also noted that start-ups which achieved excellent conversion were those that were close to the customer, skilled in marketing, and those that converted an interest or satisfied a

customer need which brought in money. Those start-ups that show similar characteristics and manage to survive beyond 5 years of operation is a major milestone. Several studies outline success trends within start-ups and small firms. Success trends include adaptability to market change, sound policies, organization, leadership qualities, technical competence, business growth, management development and several others (Bumback, 1983; Corman & Lussier, 1996; Beaver, 2002; Perry et al, 2018). Moreover, success of start-ups is also owed to the founder's ability and talents such as: alertness to change, adjusting to change, attracting, and keeping a hold of key workers, knowledge of the market, operational, management and strategic abilities, financial and personnel resources amongst others (Bumback, 1983). One must note however that success is very subjective and differs from one start-up to another as it is calculated differently through distinctive factors (Murphy, 1996; Beaver, 2002 p. 7).

Beaver (2002) identifies that start-up success depends on the interactions between founder/entrepreneur with the product/service concept, and the characteristics and motivations of founders as critical.

For example, he goes on to say that the entrepreneurial business calculate success through *“business growth, attention to maximising profitability, turnover (or both), management development, innovation in the product-service mix, and so on.”* Evidence research also shows that small firms begin their journey not due to a favourable market or environment but due to a slack in the labour market which encourages people to take their chance. Moreover, people who open a particular business within an area which they would have worked in, increases the chance of the start-up succeeding (Beaver, 2002).

2.2.2.1 Start-Ups in Malta

According to the local NSO (2020d), it was observed that from 2018 onwards, the highest number of businesses that were registered with the local authorities were for professional, scientific, and technical activities. However, a decline of company registrations can also be observed from 2018 onwards. According to a 2017 global start-up ecosystem report, the current eco-system that we have in Malta boasts around 50 – 100 tech start-ups and shows substantial potential in becoming a start-up hub (Start-up Genome, 2017). Moreover, in their 2021 report Malta is perceived to have great market reach but is disappointingly low when it comes to funding (Start-Up Genome, 2021).

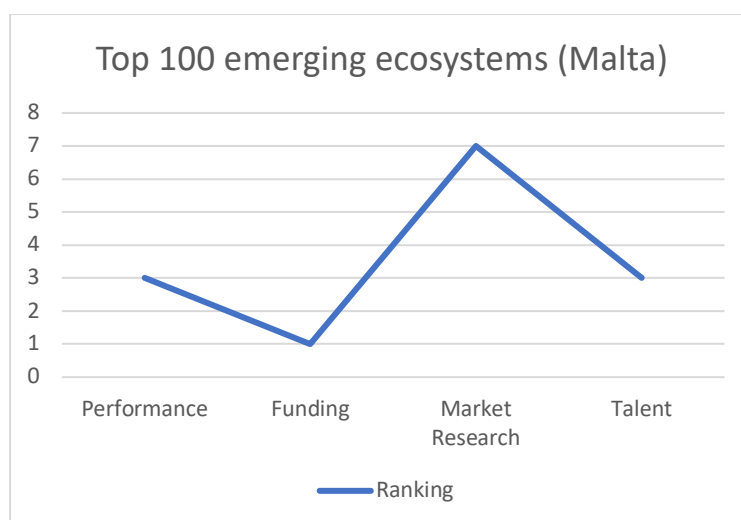


Table 2: Top 100 emerging ecosystems – Malta (Start-Up Genome, 2021)

In line with these studies, Malta has marketed itself as being the new start-up hub in Europe, slowly building its eco-system to accommodate such business and environment (Dalli, 2021). Contrastingly, Malta Enterprise identify Malta as having a strong infrastructure for financing and funding. This is together with targeted incubators and development campuses; the country is offering the ideal breeding ground for new businesses to flourish. Appendix E is the current website that exists which serves as a helpful platform for Malta.

Several spaces for start-ups in Malta also exist such as the Kordin business incubation centre (KBIC) and the Take Off building at the University of Malta (UOM) which offer the ideal environment for Maltese start-up to flourish. However, due to the island state of the country, start-ups still face several hurdles (Baldacchino, 2007). As quoted by MaltaProfile.info (n.d.) the initial capital injection needed by Maltese start-ups still remains one of the main problems for these companies. Although with disadvantages, the small island state emphasises that reputation, contacts, networking, and word of mouth are the most important factors for enterprise success in Malta (Baldacchino, 2007; Baldacchino, Cassar and Caruana, 2008). Moreover, according to their study, the factors for success including family influence and support, importance of personal contacts, networking and word of mouth, and reputation.

According to (Seed, 2021) Malta offers a number of businesses enabling factors which include low running costs, an attractive tax system, a number of residence programmes which aid immigration, English speaking language, access to European market, strategic location, and attractive lifestyle. Moreover, the report praises the regulatory framework, and those Maltese start-ups have access to a pool of local talent with both quality and experience. The report goes on to mention a number of funding schemes which are available, and criteria sought for by authorities and entities including the creation of new employment, e-commerce, internationalisation, support for regional development, amongst others. The report also delves into public policy action currently being taken in different areas.

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Figure 5: Public Policy taken and the intensity of action (Seed, 2021)

It can be observed that funding is being highly prioritised while bankruptcy regulation and scale up support sit at the lower end of the spectrum. From an entrepreneur perspective, according to a study by Azzopardi (2017) concludes that barriers to setting up a new business in Malta included lack of confidence by individuals in their own abilities, the lack of skills and experience by the individuals within the field they are operating in, lack of time, lack of financial literacy needed, and complex administrative procedures. In contrast with this, Malta Enterprise offers a varied number of financial incentives and schemes to support start-ups in their beginning phases with recent ones being business start, start-up finance and business development schemes. However, in her studies, Vella (2019) concluded that although start-ups are presumed aware of such initiatives, institutions should extensively enhance their marketing strategies. In response to this, there has been a number of marketing efforts from the entities end to continue to promote these incentives, its services, and the openness of Malta to start-ups with a very recent start-up festival that was held at the KBIC.

2.3 Corporate Strategy

Before we delve into business management and development, and how these apply to start-ups, we need to understand the wider context of business operation which is defined through the corporate strategy. To start off, being strategic means to decide the long-term direction, achieving the scope, gaining advantage, adjusting to the business environment, increasing capability, and reaching the values and expectations of stakeholders (Johnson, Scholes, and Whittington, 2008 p.6). In line with this, Thompson (2001) also highlights strategy as describing the activities that managers and organizations undertake as it helps in fulfilling certain designated purposes both in the short and in the long term. Such business activities, thus, necessitates strategic management which is thus defined in the organization's corporate strategy. The existence of strategy lies in the fact that managers require foresight to be able to make the right decisions.

Managers are not exactly fortune tellers but forecasting the future for an organization is a good indication of how a business needs to react for what is to come (Joyce & Woods, 1997). Thus, corporate strategy is all about achieving the long-term and well-planned objectives of a business. Porter, as quoted by Thompson (2001) summarises corporate strategy as *“the overall plan for a diversified business”* as well as the *“understanding, as well as choosing and implementing the strategy or strategies that an organization follows”*. It is also the *“management's action plan for running the business”* (Thompson et al, 2012).

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Figure 6: Corporate Strategy Model (Johnson, Scholes, and Whittington, 2008 p.12)

Companies need to be aware of their strategic position, strategic choices, and strategic actions at their disposal. Their current strategic position thus how will their environment (PESTEL analysis, Porter's five forces), purpose, capability (SWOT analysis), and culture change in the short and long-term, what strategic choices does the company have at its availability at corporate level, business level (we will delve deeper into this later), etc and the actions that need to be taken in terms of processes, practices, resources, and furthermore. The corporate strategy is to be driven by the businesses core values, mission, vision, and objectives while also avoiding strategic drift. The strategic business unit and the competitive strategy that it chooses are what will leverage the companies' competitive advantage over other businesses.

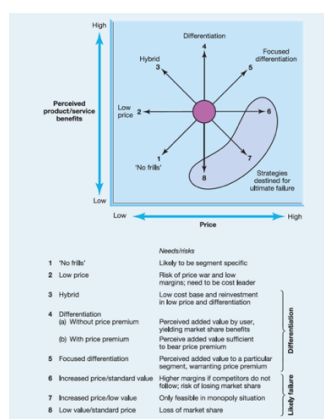


Figure 7: Strategy Clock as adopted by (Johnson, Scholes, and Whittington, 2008 p.12)

Contrastingly, in his work, Ansoff (1988) highlights the different strategic directions matrix which includes market penetration, product development, market development and diversification.

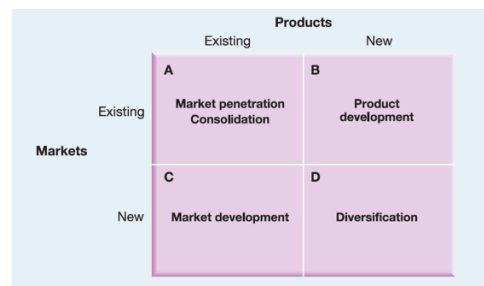


Figure 8: Strategic directions matrix (Ansoff, 1988)

However, strategies need to have a method by which a strategy can be pursued. These include organic development, merger, and acquisitions and the formation of strategic alliances for the sharing of resources amongst organisations. As explored, corporate strategy decides the overall directions which a business undertakes and numerous ways of how to understand your surroundings, understanding the different strategies that are at your availability (strategic management) and understanding how to implement those chosen strategies.

2.4 Malta's Dynamic Economy in Recent Years

According to the European Commission (EC) (2021), although the pandemic hit which EU member states experienced, Malta's economy is set to make a steady recovery with GDP forecasted growth of 6.2% in 2022 and 4.8% in 2023. These numbers are further consolidated by Malta's central bank forecasts set at 5.4% in 2022 and 4.7% in 2023 (CBM, 2020).

Unemployment is set to continue decrease, inflation is expected to increase and the current increase in government deficit is set to gradually correct itself.

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Last update - Autumn 2021 Economic Forecast (11/11/2021)

| Indicators | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|------|-------|------|------|
| GDP growth (% yoy) | -8.3 | 5.0 | 6.2 | 4.8 |
| Inflation (% yoy) | 0.8 | 1.1 | 1.6 | 1.5 |
| Unemployment (%) | 4.3 | 4.0 | 3.8 | 3.7 |
| Public budget balance (% of GDP) | -9.7 | -11.1 | -5.8 | -4.7 |
| Gross public debt (% of GDP) | 53.4 | 61.4 | 62.4 | 63.6 |
| Current account balance (% of GDP) | 1.6 | 0.4 | 1.8 | 1.9 |

Figure 9: The European Commission's Autumn 2021 Economic forecast for Malta (EC, 2021)

Moreover, in 2020, there were 53,348 active business units in Malta, an increase of 4.6 per cent over the previous year (NSO, 2021a). Malta's GDP identity from the income side shows that the biggest sectors are the professional, scientific, technical activities and administrative and support service activities.

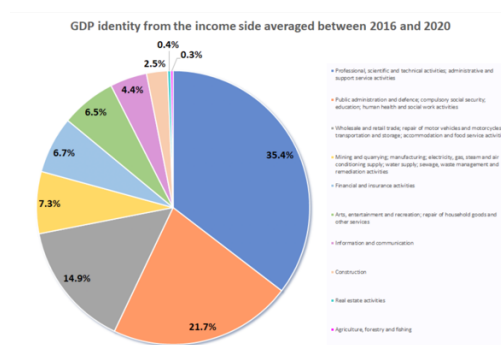


Figure 10: GDP identity from the income side (NSO, 2021b)

With this said, Malta has always been at the forefront in attracting niche industries. Out of all member states within Europe, it was the first that regulated the remote gaming industry and very recently, the first in regulating cannabis as well. In terms of attractiveness for start-ups, and as stated previously, Malta offers excellent incentives for start-ups through Malta Enterprise, and the necessary aid for successful fruition. International companies also enjoy several tax incentives, thus, attracting more companies to the island. With such initiatives it is

no surprise that in the past few years, Malta's economy has received A+ ratings from Fitch Ratings (Fitch Ratings, 2021).

2.5 Business Management as portrayed by start-ups

One of the hardest tasks for an entrepreneur is not to bring a business idea to fruition but once the idea is born, the start-ups existence will be determined by the business management and the organization of people that form up the company. The managerial part of a small company fills vital function for overall development and success. Especially since unique start-up and SME characteristics bring an impact upon the fundamentals whereupon managerial concerns are based, efforts and resources ought to be directed towards a functioning and established managerial process within the SME. Therefore, due to the uniqueness of business management practices as undertaken by small firms, this differs greatly than those of large enterprises.

Big firms' management practices are a *"predictive process, concerned with the articulation and clarification of long-term objectives, the formation of appropriate policies capable of meeting such objectives and the feedback of information to indicate successful or unsuccessful achievement of the goals established."* (Faulkner and Johnson, 1992; Johnson and Scholes, 1999 as cited in Beaver 2002 p. 56). Contrastingly, small firms' management is primarily adaptive, adjusting a limited number of resources for short term advantage, controlling the operating environment, and mitigating change consequences. Such decisions are largely dependent on the personality set and experience of the key role-player. Other characteristics of small firm management also include the closeness of the key-player to the operating personnel and the activities being undertaken likely to develop round the interests of the key-player while the structure is organic and loosely structured.

On the other hand, failure daunts all entrepreneurs at some point when starting up a business. Greiner (1972 as cited in Beaver 2002, p. 58) highlights that failing to adapt to change due to growth is the main reason why so many businesses fail. This is to be especially highlighted in this day where technological advancements disrupt markets rapidly. Therefore, the success of small businesses is highly dependent on the managerial competence of the owner. To summarise, business management heavily relies on self-development or self-managed development (Pedlar et al, Jennings and Beaver, 1993 as cited in Beaver 2002, p. 66).

A successful start-up constantly monitors its environment and performance and aligns its product/ service with its customer needs. This cannot be done without the presence of a long-term vision and a strategic plan, unfortunately competences sometimes not witnessed in many start-ups. At a start-up phase, few companies think analytically about the strategic principles needed for long term operation. With this said, in their studies, Taneja and Chenault (2019) identified the foundational elements of long-lasting companies. These included society-first principles, placing the customer at the centre of the process rather than on financial gains, adaptable long-term plans, and scalable leadership. Thus, strategy execution is of major importance for the success of start-ups. In line with the studies of Taneja and Chenault, Cote (2020) identifies the keys to successful strategy execution which includes committing to a strategic plan, aligning business jobs to that strategy, having clear communication to empower employees, and balancing both innovation and control.

In his book Ries (2011) from first-hand experience describes the aspect of entrepreneurial management within start-ups going on to say that start-ups tend to ignore general management practices which lead to disastrous results. However, he highlights that it is only

through managerial discipline, that start-ups will manage to harness the true entrepreneurial opportunity. Moreover, Beaver (2002) outlines that small firms are not simply smaller versions of large firms as they are dissimilar in many aspects.

2.5.1 Business development and as taken up by start-ups

One should start of clearly defining the difference between what is business management and business development. Business management as defined above and in simple terms is the organization of resources and activities while business development is the strategy that is implemented that sets the direction for those resources and activities, generally aimed towards growth. However, not every small business expresses the desire to grow which depends on the owners' motivations, capabilities, and expectations (Beaver, 1984; Gray, 1992; Storey, 1994, Freel, 1999 as cited in Beaver 2002, p. 123). However, those that wish growth, with the everchanging environment of markets, customer demands and progression in technology, comes the need for management to practice business development to remain competitive and relevant (Beaver, 2002). Therefore, the need to constantly optimize between aligning the customer needs with the business goals of the company. Business development can be associated to a permanent process of constant change. Companies that thrive on business development are those that recognise change within industries and can keep their competitive edge or re-invent themselves in short periods of time (Kohne, 2019 p.2). Business development is not to be mixed up with the sales function of a company (Sanger, 2016).

This requires constant innovation, change and adaptation to market realities. Moreover, this necessitates those products and services are optimally tailored to meet customer expectations. However, the key influences on growth include the background and access to resources, the

nature of the firm and the strategic firms that are undertaken (Beaver, 2002). A simple definition to business development would be “*the creation of long-term value for an organization from customers, markets and relationships*” (Pollack, 2012). Each enterprise adopts business development practices differently accustomed to the business’s needs. A more in-depth definition for business development would be “*a collection of different approaches that, when used properly, help to permanently align a company with the wishes and requirements of the customers and to achieve the highest possible market penetration*” (Kohne, 2019 p.4).

Business development is the exercise that each company undertakes to develop their strategies and move forward as a company. It is the exercise of recognising, cultivating, and attaining new customers and commercial prospects to drive evolution and profitability (Frederiksen, 2020; Seth, 2020; Kind and Knyphausen-Aufseß, 2007).

Most common frameworks of business development are those created by Greiner (1972 as cited by Beaver, 2002) and Churchill and Lewis (1983 as cited by Beaver, 2002). However, over the years the applicability of these have gone under scrutiny and criticised by Storey (1994 as cited by Beaver, 2002) and Bruns and Harrison (1996 as cited by Beaver, 2002).

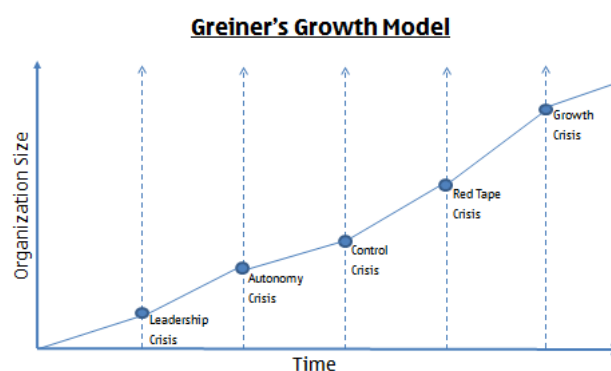


Figure 11: Greiner's Growth Model (Greiner, 1972)

Criticism included that start-ups do not even manage to surpass the 1st phase, the model does not take into consideration backward movement, it makes assumptions that all start-ups are the same and the classifications listed are limiting within themselves. Business development is the obsession of closely looking at how markets are growing and how competition is adapting to that change. When business development is being undertaken that changes that need to be witnessed include:

- Business development strategies need to satisfy existing and/or unexpressed market.
- Business development should aim at bringing new technology, products, or services to the market.
- Business development should break up or improve existing markets with a new business model.

The business management unit is constantly asking itself how it can improve the company's position on all aspects of the business. In his study (Štefan, 2008) explores the different direction and methods of business development. Business development strategies including integration, intensive, diversification and defensive. The integration strategy includes gaining control over the firm's distributors, suppliers, or competitors while the intensive strategy focuses on the development of the company's activities. The diversification strategy aims at creating new products and gaining access to new products and lastly the defensive strategy by regrouping through cost and asset reduction. The aim of these strategies, business developments, focus is focusing on growth and being on the forefront of the market. Thus, change becomes the norm within the company. It is a continuous process of evaluating and refining both product and the analysis of the market for them to go hand in hand.

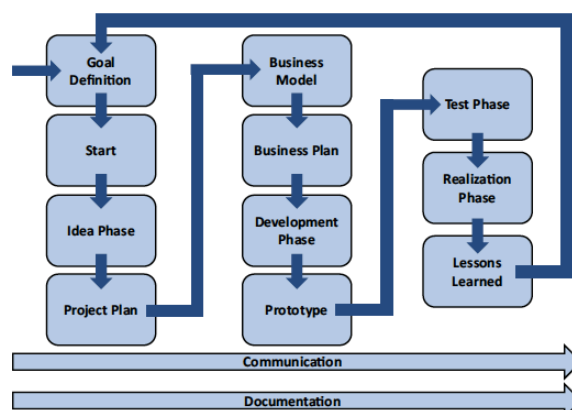


Figure 12: A prototypical business development process (Kohne, 2019 p.22)

Business development is the strategic plan in action which the company undertakes for its long-term vision (Mintzberg, Mintzberg, Ahlstrand and Lampel, 2005). Štefan (2008) also goes on to identify different methods of business development including internal development, acquisitions and mergers, and joint developments.

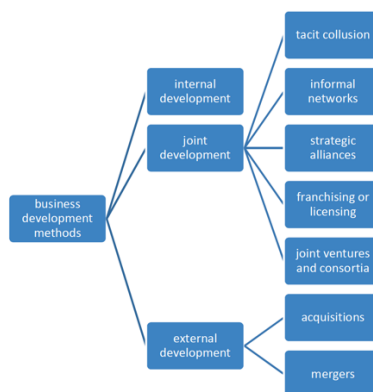


Figure 13: Methods of business development (Štefan, 2008)

Business development as taken up by large corporations and small businesses varies greatly. According to Pollack (2013) *“the role of business development changes as a company grows because what is valuable in the long-term changes as the company grows.”* At the early-

stages of start-ups, the founders main focus when launching a product or service is making sure to validate the product-market fit. Therefore, business development lies between the sales and product development. This position is generally carried out by founder himself. “Business development at early-stages is fundamentally about creating long-term value to the organisation” Pollack (2013). When a start-up eventually reaches the growth stage, growth opportunities expand and thus then business development would then be applied differently were the focus would be to find the best path towards growth. This includes building relationships and networks, competitive intelligence, filtering, prioritizing while also thinking futuristically (Sanger, 2016; Dumont, n.d.). Baldacchino and Fairbairn (2006) take a small island perspective towards small business development. *“They view their involvement in business as a means of providing cash income for themselves and their families, an opportunity to be in control of their own lives, acquire some prestige, extend influence, and even a means of winning political office.”*

To conclude, business development is required for start-ups to continue to grow and expand their business to eventually reach large enterprise status. From a small firm perspective, as stated earlier, this will be highly dependent on the owner’s requirements.

2.5.2 Business development of Start-ups in Malta

Apart from a current scheme offered by Malta Enterprise aimed at start-up business development in Malta, after thorough research, no studies currently exist on business development of start-ups in Malta. This shows the importance of such study to be carried out to understand, further knowledge on business development of start-ups in the country and contribute to the literature which is present.

2.6 Conclusion

Therefore, in this literature review, we went over knowledge of SMEs and their place within Malta. Then, we delved deeper into start-ups and their current place in the Maltese economy. Then we went over different corporate strategies and management and how this applies to start up environments. The literature review also looks at the current economic situation in Malta. Lastly, we touched upon business management and development, and how this applies to Start-Ups and any research available for business development of start-ups in Malta.

3. Methodology

3.1 Introduction

This chapter discusses the philosophy, approach, strategy, design, data collection method and the analysis process which have been chosen to undertake this study. Paramount significance was prescribed to the research onion (Saunders et al., 2007) as it aided in focusing this research and aids in identifying the exact route of possibilities of philosophies, approaches, and strategies to be undertaken for the study. Moreover, ethical considerations and methodological limitations are also taken into consideration.

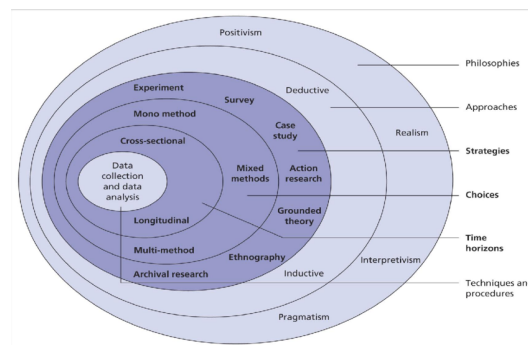


Figure 14: Research Onion (Saunders et al., 2007)

3.2 Research Philosophy and Approach

This qualitative study can be characterised as being analytical, fundamental, and conceptual. Moreover, this study employs the interpretivist paradigm and makes use of the inductive approach. As explained by Greener (2008) interpretivism “promoted the idea that subjective thought and ideas are valid.” It is an attempt at observing the world through the eyes of the person being researched. Moreover, it sets persons as the main social actors giving the ability for the researcher to examine the people’s actions subjectively (Holden and Lynch, 2004). Given that business and management research greatly deal with people, this philosophical

approach is suitable for what is being sought for within this research. In fact, interpretivism is the more common approach which is found within the social sciences.

Interpretivism was coined by Comte & Durkheim, later being further developed by Max Weber who believed that sociological inquiry should not only rely on scientific observation but also through understanding subjective actions, intentions, and emotions (The Mind Attic, n.d.). This is opposite to positivism which “aims to develop generalised findings from experimentation and structured observation of reality” (Hussey and Hussey, 1997, as cited in Ragab & Arisha, 2018, pg.3). By applying the interpretivist paradigm to this study, this will aid in understanding participant contributions through a subjective lens and help to elevate unique information which would not have been brought to light from a positivist point of view.

3.3 Research Strategy

An abbreviated version of Grounded Theory has been chosen as the research strategy for this study. In this section, I will discuss the full version of grounded theory and later compare it to the abbreviated version which is utilised for this dissertation. Grounded Theory was originally coined by Glaser and Strauss (1967) through their book *The Discovery of Grounded Theory*. Both argued that within the sociological research arena, there needed to be a method where researchers could advance from data to theory, therefore new theories could emerge. Thus, Grounded Theory was constructed. This strategy is the development of ‘theory through a structured method of investigation of what is said or written (inductive) and produces categories of ideas’ (Greener, 2008).

Through systematic discovery, data is collected and studied which is later then coded and categorised. Once the research finds an area of particular interest, the researcher can go back to the research gathered for further exploration. Eventually, a new theory is formulated which is ‘grounded’ within the data. As discussed by Willig (2008) the research starts off with a process of ‘open coding’, which is mostly descriptive in nature. A process where descriptive labels are attached to discrete instances of phenomena whilst categories are recognised. Once this process is concluded possible relationships between such codes, if any, are pinned out and categories are formed referred to as ‘axial coding’.

Within a fully fetched version of Ground Theory as explained by Willig (2008), the research moves back and forth from analysis to collection. A researcher initially identifies the codes and any relationships between the categories. Once this process is done, the researcher moves back to the field for further research. If there is a theme of particular interest, the researcher can further explore this. Alas, this is not available within the abbreviated version.

3.4 Research Design

The research design which has been opted for this study is through semi-structured interviews which satisfy the requirements imposed by *Grounded Theory*. Moreover, this study will follow a cross-sectional process, thus interviews will be held at a given point in time. Such interviews will be held with the main contributors of start-ups in Malta, namely entrepreneurs, start-up owners, business management executives, banks, professional service providers, governmental organisations, and non-governmental entities.

2 sets of questions will be created for the purpose of this research. The 1st set will be aimed at entrepreneurs or business management executives. Questions will be specifically aimed at answering the 4 research questions with approximately 3 questions for each research

question. The 2nd set of questions will be aimed at professional service providers and is aimed at complimenting the data gathered from the 1st set. Both sets of questions can be found in appendices A and B. The semi-structured design has been adopted for 2 reasons. The 1st reason is that since there are several topics which will be discussed, the interviews can be easily comparable. The 2nd reason is that this will simplify the process of data category identification and will ease the coding process.

The 4 topics which have been chosen are as follows:

1. Start-up stimulations and preliminary plans in Malta – aimed at identifying the main reasons why entrepreneurs choose their current offering be it a product or a service and why did they decide to open a company in Malta.
2. Management Execution – aimed at identifying management priorities and how this is executed.
3. Roles and Resource Allocation – aimed at establishing how start-up companies manage their resources and roles do they priorities. Moreover, this question is aimed at identifying which services do start-ups acquire from professional service providers/3rd parties.
4. Start-up Growth – understanding the tools that are used to calculate performance and growth within start-ups.

Thus, this will ensure the consistency of data while also making use of very similar approaches. Moreover, all these interviews will be held face-to-face. This is so that voice or video capturing devices are used to capture recordings and are later transcribed and coded. More on this will be discussed in section 3.5. The sampling technique which has been chosen is purposive (judgemental). This entails that the “researcher relies on their own judgement when choosing members of the population to participate in the survey” (Alchemer Blog,

n.d.). This is so that the study is not limited to a handful of start-ups only, however, it aims at getting information from all the industries which Malta's economy offers to fully understand the start-up situation in Malta.

3.5 Data Collection

Semi-structured interviews will be held with start-up business owners, business management and development executives and service providers to start-ups. This will aid in covering all the facets of business development and answering the research questions indicated above.

The semi-structured method has been chosen so that even though there will be a predefined set of questions to answer, the interview can delve deeper into a particular topic of interest while staying on topic. Moreover, the method will ensure that answers are concise while also easing the process of transcribing and analysing. Start-ups were chosen through personal contacts, through the aid of personal contacts and with the help of social media groups found on Facebook and LinkedIn.

Start-up criteria included those companies that were operating from conception up to 5 years, and those that just came out of the start-up phase, with varying amount of people within the start-up from just 1 person up to 40 people. Professional service providers, governmental and non-governmental entities were also interviewed to re-enforce the findings that were gathered and will also enhance the results that will be obtained as they will give concrete evidence of how they contribute to the business management and development of start-ups. Moreover, for the study to truly reflect the Maltese economy, start-ups were preferably chosen from different industries and sectors such as financial services, professional services, information technology services, educational services, manufacturing industry, healthcare services, pharmaceuticals industry, aviation industry, life sciences, maritime, visual arts, and furthermore.

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The medium through which interviews was collected was both through physical meetings, voice recording and video conferencing over the internet. Personally, I would have preferred if all of these would have been conducted physical but due to start-ups being busy and the current pandemic which is going on, there was no other way but to resort to these methods.

| | | | |
|---|-------------------------------------------------------------------|---|-------------------------------------------------------------------------|
| A | Senior consultant within a business consultancy firm | I | Founder of a start-up that focuses on recruitment |
| B | Founder of a start-up that offers services of coaching people | J | Founder of a start-up that owns a platform within the creative industry |
| C | Co-Founder of a start-up that has an app that focuses on sports | K | Founder of two start-ups that are focused within the catering industry |
| D | Co-founder of a start-up that focuses on a banking application | L | Founder of a start-up that offers servicing of systems |
| E | Founder of a start-up that focuses on services of standardisation | M | CEO of a governmental entity |
| F | Founder of a start-up in the pharmaceutical industry | N | CEO of a governmental authority |
| G | Head of operations for a software company | O | Business development within a governmental entity |
| H | Founder of a business consultancy firm and also the | P | Representative of a non-governmental organisation |
| | | Q | Professor & a Manager at the University of Malta |
| | | R | Representative of a non-governmental organisation |
| | | S | Co-Founder of a health company |
| | | T | Managing Director at a consultancy company |

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| | | | |
|--|---------------------------------------------------------|---|---------------------------------------------------------|
| | previous founder of a very successful company in Malta. | U | Chief Banking Officer within a recognised bank in Malta |
|--|---------------------------------------------------------|---|---------------------------------------------------------|

Table 3: Interviews Industry distribution

3.6 Data Analysis Process

The data analysis process will consist of 3 stages. The 1st stage will be transcribing all the interviews that will be collected. These will be a mix of both sound and visual interviews. When possible, things like repetitions or even certain body language signs should be noted down. These will aid in the interpretation of what is being said and will provide the study with a more in-depth review. Once the transcribing process is complete the 2nd phase commences. This will look at any emerging themes at a superficial level which will be given descriptive labels. Later, categories will be drawn from these and later links between the data will be formed. Once these processes are finished, all the outcomes will be listed in the findings and analysis from which a discussion can be derived. Then, conclusions will be drawn.

3.7 Ethical Considerations

Several ethical considerations were mediated for the purpose of this research. These included informed consents, confidentiality and anonymity, voluntary participation, and non-maleficence which will be discussed below:

- 1. Informed Consent:** Before each interview, participants were handed a form for written consent. It was essential that they accepted before any type of research could take place. Moreover, participants had to consent for video/audio recordings to take

place which were later transcribed from video/audio to text. These can be found in appendices C and D.

2. **Confidentiality & Anonymity:** The identities of participants were kept anonymous during the duration of the research.
3. **Voluntary Participation:** All the participants who participated in this study, did so at their own voluntary willingness. Prior communication was done via either email or social media to establish contact.
4. **Non-Maleficence:** This study did not in any way favour any start-up company or professional service provider. All information gathered was treated fairly and equally without shedding any positive or negative light on the participants involved.

3.8 Methodological Limitations

There are several methodological limitations which need to be considered. An abbreviated version of grounded theory has been chosen as the research strategy for this dissertation. The fully fledged grounded theory could have been implemented if more time was allocated.

A second possible limitation could be the very nature of the study itself. Although the study is fully anonymous, several individuals might not want to divulge any information from their company, as it might be that their business management and development exercises are what make the company successful, thus making them resistant to sharing any information.

Therefore, the results of this dissertation must be interpreted with these limitations in mind.

Given that the study covers all industries within Malta's economy, finding start-ups from all industries might be difficult. Moreover, this depends also on how many start-ups would have started within the different industries and sectors.

3.9 Conclusion

To conclude, through the philosophical approach, research design, strategy, data collection method and analysis process which have been chosen, the methodology will be able to cater for what the research questions sets out to discover. Now that the process is complete the data gathering process will take and eventually move to our 4th chapter which will discuss the analysis and the findings.

4. Analysis and Findings

4.1 Introduction

The purpose of this study is to understand how business development is undertaken by start-ups in Malta. 13 Semi-structured interviews were held with the main protagonists of start-ups which includes entrepreneurs, founders, co-founders, and business management and development executives from a varied number of industries and sectors. Another set of questions were also directed towards 7 corporate service providers, governmental and non-governmental entities thus making a total of 20 interviews. From all of these, several findings were discovered. The research questions represented as themes and identified within the methodology will be addressed and analysed within this chapter. Moreover, each participant was given a letter in order to keep anonymity.

4.2 Start-Ups

4.2.1 Start-up stimulations and preliminary plans in Malta

Each and every entrepreneur hold a different definition of what success is. The same goes to when founders/entrepreneurs explain what a start-up is to them through their different experiences which they are currently experiencing or had.

Q1 – What would you consider as a start-up? When does it stop being a start-up?

Most entrepreneurs agreed on what defines a start-up. It is a project, venture created by a single person or a group of people which are in search of a business model that is scalable and repeatable. It aims at growing, constantly innovating and testing, driven by passion and being at the edge, adapting to different situations, client centric, vulnerable, understanding

market needs, searching for injections to its cash flow (through schemes/angel investors/venture capitalism) and aims at reaching financial stability and self-sustainment. Moreover, most start-ups agreed that a company's start-up phase is experienced from its inception till its fifth year while specifying what a start-up experiences during those 5 years.

“It experiences losses up till the end of year 2 and reaches breakeven between year 2 and year

3... Financial stability is seen between the 4th and the 5th year”

- Interviewee A

However, several different answers were observed when expanding further on what can be considered as a start-up.

“A start-up stops being a start-up when it can run on its own. When other people can run it for you”

- Interviewee J

“Is it something new or does it belong to a bigger business or not? That's another arena I would discuss”

- Interviewee E

A company, thus, can exercise differentiation by creating a start-up subsidiary. This is however to be differentiated from other start-ups. A start-up held by a company can provide re-assurance to banks when requesting loans, etc. This is unfortunately a commodity which start-ups aligned to the definition in Q1 don't have.

“Depends highly on how financial institutions consider a start-up ... Start-ups which are doing 100k in revenue or sometimes six months of history is enough”

- Interviewee D

Irrelevant of how the EU or what Malta Enterprise identify as being the start-up definition, if a start-up is seeking financial support from a bank, the start-up definition formulates around how the financial institutions perceive it to be.

“The successful start-up creates solutions. It understands the problem it’s trying to solve or opportunity it is trying to help its potential customers leverage. It stops being a start-up a year after launching its solution ... once it finds its purpose”

- Interviewee H

Q2 – Why do you consider yourself as being/previously being a start-up?

Most start-ups and those whose company was not very far away from its start-up phase, therefore, 6th year of operation, agreed that they considered themselves as being or previously being a start-up because at some point through their journey, their start-up showed or experienced the traits that were identified in Q1. Several start-ups also identified specific reasons both in the positive and in the negative.

“We lack in some areas such as marketing... trying out new things and improving on existing processes ... agile and quick to adapt ... risk-takers to make it work”

- Interviewee K

“Focused on creating the supply, the need, the demand... In the arts industry, there was no data, and the biggest struggle was making the assumptions for the business plan ... learning a lot of new skills such as how to build a website... I did not have enough financial resources to afford these things ... not being able to tell when something is wrong and when something is right”

- Interviewee J

“Staying hungry, staying foolish... feeling comfortable is a problem”

- Interviewee E

“Sometimes you get it wrong, and you learn from your mistakes”

- Interviewee G

“Being a one-man band ... you have to behave like an adult but keep the heart and mind of a start-up ... if you are going to fail, fail fast. It's cheaper”

- Interviewee H

“We are currently in research and development phase and close to commercialization”

- Interviewee S

Q3 – What encouraged you to venture into your product/ service as a start-up & not merge with another company or sell your idea?

Most entrepreneurs agreed on the fact that they created the start-up to address a gap within the market or a market need, moving away from their current job and also being their own boss. Most start-ups, however, had other personal reasons.

“The role of the start-up is to participate in those activities or projects where the general market of the existing market or the incumbent market deems that project too difficult, too challenging. The role of the start-up is precisely attacking that space ... tapping into the love of football ... technology has abandoned football and that is where there is the opportunity”

- Interviewee C

“Wanting to do things differently”

- Interviewee A

“A need which arose from bodybuilding ... really wanting to try the idea out ... from a hobby to an actual business”

- Interviewee K

“COVID shifted me online which created flexibility... working with three other people ... element of synergies”

- Interviewee B

“Lack of awareness when it comes to the arts ... bringing all stakeholders together ... travelled and explored to see what is out there in the market”

- Interviewee J

“My mum and dad are both entrepreneurs ... lack of enforcement from local authorities”

- Interviewee E

“What encouraged me was the minute I saw the purpose and the business need ...
perseverance and keep believing ... measuring and witnessing tangible progress and not
being emotional about that progress”

- Interviewee H

“Merging would de-value the idea ... providing a service in a different way”

- Interviewee L

“I was conducting a PHD at that time you know and that is where the interest came from
... it is useless to do a piece of research and then leave it on the universities shelves for 5
years and then it expires ... you need to take action on it ... different from the usual work
that I do”

- Interviewee S

4.2.2 Management Execution

Each and every start-up defines success very differently. Focus for start-ups is very subjective and dependent on several circumstances such as the industry/ sector within which the start-up operates in, whether a market is saturated or not and also in which phase is the start-up at the moment.

Q4 – What is the area of focus that constitutes your belief in the future success of the start-up?

Different focuses that will lead to success were provided by each and every start-up. These included internationalising beyond Malta's economy, enlarging operations by moving quarters, high focus on the team which is behind the product/ service, collaborations with larger firms, focus on business development, focus on marketing strategy, bigger launch (1st launch restricted due to COVID) and several others.

“Marrying people's passion together with user experience”

- Interviewee C

“Capitalizing on different services such as economics, financial services, strategic growth”

- Interviewee A

“Building more contacts and increasing the need for the service ... marketing”

- Interviewee K

“In the local context, promoting coaching and what's it all about ... getting more credentials ... Increasing the of quality of service.... Creating subscriptive services.

Moving to online spaces Retainer service with companies”

- Interviewee B

For one start-up company internationalisation also increases the start-ups credibility within the local scene.

“Within the arts industry, internationalisation increases credibility from the local arena and acting on market research and people’s wants ... gaining trust”

- Interviewee J

“What is not measured does not grow”

- Interviewee H

“Integrity ... for maintenance companies that deal on a day-to-day basis with customers and businesses, its essential ... firm fixed service delivery ... mastering the cognitive abilities of people ... onboarding the risk factor of the service onto the company”

- Interviewee L

One particular start-up identified that it does not have a particular focus and that it focuses its resources equally

“From our end, we do not have any particular focus and we say, listen, this will lead to the success of *company name* ... we give equal focus to each and every department”

- Interviewee S

4.2.3 Start-up Growth

As rightly identified by one of the interviewees in the previous question, growth can only be seen through measuring the right key performance indicators. This is especially important at a start-up phase where each and every client is needed to contribute towards the growth of the company.

Q5 – How did you are you addressing the question of should you focus on growth or switching your current position as an entity?

Most start-ups agreed that when it comes to growth and any other type of activity which occurs, these ultimately work hand in hand and there cannot be a trade-off. Start-ups understood that they needed growth by looking at different factors such as company capabilities, resources (in every aspect – financial, human etc), market needs, environment, ability to take on risk and timing. Other start-ups also stated that their intention was not to grow but to simply have a healthy business.

“You need to make sure that everyone is comfortable with the growth within the company ... compliance team”

- Interviewee D

“By looking at the people and the technology that you have at hand”

- Interviewee L

“Understanding the client and resources point of view”

- Interviewee G

“I know that I am my own stumbling block”

- Interviewee I

Any type of commercial activity which occurs within a company ultimately contributes to the growth of that same company. Even if an investment was done on the wrong person or in the wrong area, mistakes lead to growth. Start-ups referred to this as painful growth.

Moreover, growth happens naturally once the company starts onboarding more clients.

Start-ups then identified internal ongoing activities which they are currently working on and growth areas which they are seeking.

“a high focus on research and developing and understanding what will make the application a no brainer ... exploring international accelerators... being exposed to technologies and opportunities ... doing things which are illogical but explosive”

- Interviewee C

“Using growth for marketing and to generate more traffic ... creating ventures, collaborations, projects things that generate interest”

- Interviewee J

4.2.4 Roles & Resource Allocation

At a start-up stage, the ability to identify were to allocate roles and resources at the right time defines the performance of the start-up. This was analysed through the sacrifices that start-ups make during their operating period since conception.

Q6 – Start-ups most often are rich in one resource and flaccid in others. Therefore, management of the latter is of a delicate nature. Could you give an understanding of the sacrifices that need to take place in a start-up?

Start-ups agreed that the number one thing that they sacrificed was time. Time from family and for themselves. Other things included: wearing a lot of hats at the same time (being the jack of all trades), monetary (giving up extra cash or commodity items) and equity (giving away part of the company). Other start-ups mentioned specific reasons within their circumstances.

“Saying no to bad advice ... focusing is a sacrifice. Playing it safe and becoming extremely good at the unique things that the start-up can do ... focusing on the technical and outsource the rest ... looking at the big picture ... decisions taken in terms of prioritisation.”

- Interviewee C

“because of COVID 19, I experienced a short supply of labour, so there were instances where I had to do things myself ... not having the right resources to focus on the next step ... having to do with what you have. Not rushing before having proper foundation ... doing things yourself then depending on someone else ... upskilling yourself and being open to other people’s ideas ... being humble enough to ask for help”

- Interviewee K

“From living a comfortable to going back to square one ... chasing people ... building the network”

- Interviewee J

It is also evident that sacrifices that were undertaken led to personal growth. An element of a learning curve within start-ups.

“Pushing your strengths and decreasing your weaknesses”

- Interviewee G

“Being driven by passion even in the worst scenarios ... having the right mental stability and the mental perseverance in situations where when the going gets tough, the tough get going ... be ready to give up part of the cake ... I did not have a salary for 5 years”

- Interviewee H

Given that interviews were semi-structured, interviews also delved into topics which relate to business management. Start-ups mentioned several factors and their own personal experiences. These included the importance of having a good team and a good base, constantly evaluating, and moving out of the mindset that everything is for the local. Others mentioned different reasons.

“Hardest part was to employ the first person ... I went with a piece of paper to Malta Enterprise ... sharing the idea and getting feedback ... it was helpful”

- Interviewee J

“I was not afraid to employ people better than me ... one must maintain a strong vision and mission ... very clear leadership ... people are part of the solution ... You need to learn to think. At the end of each day, I always ask myself these 4 questions. What did I achieve? What did I learn, what could have I done better? What am I going to do different tomorrow?”

- Interviewee H

It was also good to understand the bank's standpoints on start-ups. This information was provided by one entrepreneur who had a major background in finance.

“HSBC was a non-starter and don't even touch start-ups, BOV takes a long time to get things done ... banks are interested in getting re-paid ... they do not give out loans for anything fancy ... they will provide the funding if getting repaid is not too far in the future and this info comes from projections”

- Interviewee I

Malta's start-up eco-system was also discussed at length with them as this was one of the things which start-ups and entrepreneurs looked at before and during their business operations, management, and development. The eco-system was seen through different aspects such as legislation, financing, incubation, and several others. Most start-ups agreed that Malta is on the right track in improving the current eco-system of start-ups, however, there is much more that needs to be improved and achieved. Contrasting arguments were brought up by start-ups in different aspects. Problems mentioned from start-ups included financing, banking, HR (local or foreign talent), entrepreneurial education, networking, funding schemes (due to eligibility) and several others. Moreover, start-ups offered several recommendations such as for example introducing a skills bank and others. These can be observed below and are vital in understanding the start-ups/ entrepreneur's perspective.

“Lack of talented people in Malta and people wanting to help these start-ups ... our government authorities are saying we have legislation for this, rules for that but about people, we do not have that yet ... we have a wrong mentality here in Malta. Let's take shark tank for example ... people with money but no experience in supporting start-ups ... we need to create a skills bank”

- Interviewee C

“We are quite good when compared to other jurisdictions ... incubators are more hands on abroad”

- Interviewee A

“In Malta we need to have a true one stop shop so that you do not have to keep going to all of these different places just to start-up... issues with employing people with the necessary skill sets that are required. This is a big reality at the moment. We are lacking in terms of

knowledgeable people ... we need more help when it comes to networking ... take off is an asset ... help from Malta Enterprise is great ... we need people who made it and can encourage more to start-up and guide ... we need more education and we are already doing this through JAYE (Junior Achievement Young Enterprise) ... Shark Tank is a good initiative ... start-up definition should consider how innovative the idea and the process that is involved as well.”

- Interviewee K

“Lacking in terms of incubation and financial aid ... legislation very slow to get started ... education is very little to get people started and an update within the school curriculum is required ... we need to nurture the culture that its ok to fail... office space available for specific types of business Banking problems ... compliance problems ... growing the gig economy”

- Interviewee B

“Public sector dominates the private sector ... certain areas within industry not included in legislation ... VAT problems for artists ... awareness of start-ups is very low ... Malta lucky to have immediate access to funds ... barely any start-ups in the creative sector ... government is working in the right direction ... not a lot of people encourage their children to do start-ups ... having parents in entrepreneurial fields helps.”

- Interviewee J

“In Malta we see this a lot, the reluctance to give away equity in exchange for their ownership ... disbursement of funds in Malta Enterprise has been delayed lately”

- Interviewee D

“Malta Enterprise not knowing what a start-up was... definition is not realistic ... In Malta is who you meet and where ... an improvement can be seen in terms of resources but still a long way to go ... begging institutions for money ... financing is an issue ... for businesses doing a start-up it's no problem but to start from scratch, it's very difficult ... we are better than we were ... progressive ... more start-up hubs are needed ... services to be advertised more ... services need to be more efficient ... getting rid of red tape ... a centralised space for information ... government officials to have more support structures.”

- Interviewee E

“Banks in Malta are ruthless ... Maltese people are innovative ... no tax incentives ... seed money is very little ... obscure vision of what happens when start-ups go beyond the start-up phase.”

- Interviewee F

“Schemes do not take into consideration start-ups and support needs to be greater or wider ... the pros out way the cons ... no places for start-ups to meet and talk ... wrong mentality in Malta ... 50% of the pain that start-up feel is the same. The sense of sharing and community is being lost in Malta ... Malta has the right framework to attract foreign investment ... when foreign start-ups become successful in Malta, they move to other countries ... we lose knowledge ... resources in Malta are becoming expensive ... challenges with COVID”

- Interviewee G

“Financing issues ... the government is paying lip service to start-ups and incubators ... government should not just give financing but a whole framework ... a skills bank by government ... excuse my French, but it's a pile of shit ... budgets for research and

development need to be bumped up ... catching political votes only ... What is happening with regards to technology and transformation? Things like AI, augmented reality, aviation, drones ... we need to teach people how to think”

- Interviewee H

“Grey listing created opportunities ... improvement is needed ... things are disjointed. Lots of pockets of information which may not be speaking to each other in terms of having the right setup ... more networking is needed. The BNI Chapter is a step in the right direction, but this needs to grow larger.

- Interviewee I

“Current financial situation froze some of the activities ... possibility to get funding is ok ... corruption is an issue ... gozo innovation hub too expensive. It does not offer small offices for small start-ups... Only interested in attracting larger companies such as Google or Amazon ... I was not able to get a bank account in Malta ... starting is cheap in Malta ... hard to maintain credibility abroad when operating in Malta.... Good start-up environment ... great dynamic and great people”

- Interviewee L

4.3 Corporate Services Providers, Governmental and non-governmental entities

In order to accompany the arguments which have been provided above, the perspective of corporate service providers, governmental and non-governmental entities was also sought for. 6 interviews were held with these.

Q1 – What elements of a start-up are a pre-requisite for your firm/entity to consider validity in servicing?

Although each interviewee specialised within their own fields, they agreed on several factors which include: the idea/ valid project, the leader behind the idea, the different qualities possessed by the person, the market in which it will be operating in, the technologies it will be making use of, adaptability of the business idea to circumstances and markets, feasibility, sustainability, strategic objectives, viability, what it's trying to solve, the benefits and timelines. Governmental Entities considered validity whether it touched their remit and accepted start-ups at any stage whether at vision, incubation, acceleration, or establishment stage. CSP's, Gov and Non-Gov entities also mention specific elements.

“Business activity, time of registration, third party investment can't be more than 25% of the shareholding, not more than 50 people within the start-up”

- Interviewee O

“Those start-ups that offer economic stability so in tech, health care ... service providers are the biggest economic group within different industries”

- Interviewee R

Q2 – Why do start-ups look towards your support? What do you offer that attracts them?

Each and every CSP, gov and non-gov entity had different offerings in the way they aid start-ups. However, they agreed that start-up contacted them to attain more information, knowledge, because they are experiencing a problem, for guidance, simplification of information, funding, or to purchase a service from them.

“In most cases, they seek help due to bottle necks encountered ... we offer initial support and guidance ... a network base ... filtering and simplification of information ... advocacy and lobbying”

- Interviewee P

“We offer aid in financial, strategy and people needed ... expertise and knowledge ... identify the right schemes and funding ... validation and comfort of a second opinion”

- Interviewee T

“Mentoring ... expertise and experience ... real life experience ... academic rigour ... evidence based ... medical approach”

- Interviewee Q

“Certification which offers competitive advantage and protection to the users”

- Interviewee N

“For financing, for aid, funding schemes, mentoring services”

- Interviewee O

Q3 – Start-ups often have an idea which are finding difficulty to develop or set-up. At what stage do service providers deem of a feasible nature (not only monetary) to get involved?

All CSP's, Gov and non-gov entities agreed that they get involved at any stage of a start-up, however, the earlier the start-up approaches them, the better as they would be in a position to provide better aid and advice on how to approach the next steps or decisions which they have to take.

Q4 – What effects will be considered when advisory is given in light of different advances in management execution?

Effects considered by CSP's, gov and non-gov entities include the way how the advice would impact goals, business strategy implementation, organizational structure, reliance, resilience, processes, operations, marketing, sustainability, and growth. Each CSP, gov and non-gov entity, however, had their independent of how they did these by proposing different structures and frameworks.

“We have a 5 by 5 framework of questions which we ask. Therefore, different aspects of the business are looked at including planning, making, selling, managing, and funding) and all of them are given the same importance.

- Interviewee Q

Q5 – What is your opinion on outsourcing or internally appointing fundamental execution roles and top management within start-ups?

CSP's, gov entities and non-gov entities agreed that first an evaluation needs to be carried out. If the role is a technical role therefore this is internally appointed, if not, then this is outsourced. This is dependent on the current resources which the company has at its disposal and that is dependent on an assessment of the operations. Moreover, CPSs identified that this is also dependent on professional judgement and personal preference as well and that costs will offer guidance in what to do next.

“Focus your idea and outsource on things which are secondary”

- Interviewee P

“Outsource in the beginning ... get access to different types of skills (innovation, creativity, people skills, management), different types of resources, different opinions, different mindsets, different expertise ... we need to move away from the Maltese culture of asking your accountant everything.

- Interviewee T

“If you wish to have expertise internally than this is to be done within the organisation. If it’s less critical, then externally. Depends on each business”

- Interviewee Q

“Disadvantages of outsourcing include lack of ownership, lack of interest, and people you are outsourcing might steal your idea ... proper due diligence needs to be carried on the person being outsourced”

- Interviewee N

“Entrepreneurs might have the technical background but not the management skills to take certain decisions ... it would be good to get someone on board so that they can identify when to exit from the market for example”

- Interviewee O

Q6 – What form or consultation criterion do you consider when analysing the start-up structuring evolution?

CSP’s agreed that this is dependent on which stage the start-up is currently in and different factors are taken into consideration.

“We try to understand the idea and the processes that are required and the human element within that process. The skills that are required, the structure of the team ... different consideration for different start-ups and industries”

- Interviewee T

“We look at six stages of development taking into account the context”

- Interviewee Q

Given the semi-structured approach of the interview, other themes were also discussed with relation to business management and development including the current eco-system which we currently have in Malta. All CSP's, gov and non-gov entities agree that the current tax system which we have in place is the number one motivator for foreign start-up to come to Malta and that Malta has made good progress when it comes to the current eco-system which is found, however, more still needs to be done. CSPs identified banking issues, financing, current tax system, bureaucracy amongst other with regards to the problems which the start-up community currently faces.

“The tax system is the only driver of attracting start-ups to Malta”

- Interviewee P

“We can do more ... lack of vision ... suffered reputational damage ... we need a proper infrastructure that incentivizes ... we have a good tax system but then fail to open bank accounts ... 60/ 70% of Malta's GDP is dependent on the current tax system and that is an issue ... losing credibility ... attracting the wrong clients ... we have a skilled workforce, English speaking, strategically placed in the EU ... local start-ups are heavily taxed”

- Interviewee T

“Business banking is an issue ... difficulty in meeting checklists ... poor-system of equity finance ... problems associated with legislation ... confusion in the legislation about the application of capital gains tax to raising equity finance ... grey listing accentuated what was already a problem ... BOV take long to do things ... HSBC do not look at start-ups ... people need to put effort in the application for funding, market research ... more training needs to be offered to start-ups. Banking needs to improve to compete with EU neighbours”

- Interviewee Q

“Digital start-ups have exponential growth and when big revenue starts coming in, they consider relocating ... Maltese people are looking at different tax structures in Europe”

- Interviewee M

“Silo mentality ... failing for bureaucracy’s sake is a big no ... structure not supportive enough ... failing to have the eco-system to start-up”

- Interviewee R

The themes that emerged from all of the interviews that were conducted include change, quality, idea, financial, management, organisation, activity, act amongst others.



Figure 15: Word cloud derived from the interviews conducted

5. Discussion

5.1 Introduction

In this chapter an evaluation on the findings of this dissertation will be carried out and compared to the theory found in Chapter 2. The research questions which have been outlined in Chapter 1, have been downsized to 4 topics from which the interview questions have been derived. As can be observed from Chapter 4, for each research topic, there was no singular answer. However, due to specific circumstances within which different start-ups operate in, different aspects were derived. In this chapter we will also compare and contrast such findings with the literature review and finally list the implications, strengths, limitations, and further research potential.

5.2 Start-up Stimulations and preliminary plans

The first section of the literature review was aimed at understanding the definition and characteristics that form up a start-up. It was found that although most start-ups are aware of the European and Malta Enterprise's definition of start-ups, they apply this very loosely within their contexts depending on the industry and situations they faced within the beginning stages. Moreover, they clearly outlined that the definition needs to be looked at differently whether a start-up is starting from scratch and when another business is starting up through diversification exercises. The overall characteristics that were expressed and that defined a start-up was very much in line with what could be found in literature (Yaroulnia, 2021).

There was an emphasis on the financing aspect, a problem which was experienced by most start-ups. This is in line with recent reports which reflect such problem (Start-Up Genome, 2021). Moreover, it was also noted that definition held by start-ups and by governmental institutions differs greatly. Therefore, there is a clear appeal for governmental institutions to

develop a clearer definition of a start-up which can be applied locally. This would clear up the grey areas when start-ups apply for funding.

When asked on why do they consider themselves as being/previously being a start-up, most start-ups agreed that they have experienced the indicators which were specified within the 1st question. This highlights even further that the characteristics of start-ups do not differ greatly from what is found internationally. When asked on what encouraged them to venture within their offering, start-ups agreed that they wanted to either move away from their job to try something different, address a gap within the market, due to lack of enforcement, academic interest and influenced by family members due to their backgrounds within their own businesses. Some start-ups also mentioned that they wanted to turn hobby into something which they could money from, however, this was difficult in contexts where the person is financially constrained due to different prioritizations such as needing a full-time job in order to sustain a family.

5.3 Management Execution roles

When asked about the areas they are currently focusing on within their start-ups which will lead to the eventual success of the business, most start-ups identified different success factors within their particular industries within which they operated in. Moreover, this was dependent on which phase they currently found themselves in. The scale through which they identified success differentiated (Murphy, 1996; Beaver, 2002 p. 7). Factors included internationalisation, enlarging operations, focus on team, collaborations, business development, marketing strategy amongst others. Success of such start-ups is limited by the motivation of the founder wanting to implement that change. Interestingly enough one of the replies was also the focus on the integrity. Given the reputational damage that Malta has

received over the past years, this also creates opportunities to outgrow competition within services.

5.4 Start-up Growth

When asked on how they are addressing the question of focusing on growth or switching your position, the consensus amongst start-ups is that these cannot be separated and that any type of activity which occurs within a start-up will ultimately lead to the growth of the same start-up. They go on to further specify several factors which they look at to determine such decisions including looking at company capabilities, resources, market needs, ability to take on risk and timing. This is very much inline as well with what can be observed in international literature.

5.5 Roles & Resources Allocation

When asked about the sacrifices that were undertaken, these fell within two categories. There were the personal sacrifices which included time (away from family and for themselves), moving away from a comfortable life, getting rid of commodity items on a personal level and also the learning process which they had to go through, whether be it learning new things from online platforms or through real-life experiences. On a start-up level these included taking on the roles of different position concurrently and giving up equity. Other start-ups mentioned other reasons which included focusing, employing more knowledgeable people than you within specific areas while also another person mentioned maximising strengths and minimising weaknesses.

5.6 Start-up Eco-system in Malta

Given the semi-structured approach that the interviews had, most start-ups also delved into the current start-up eco-system which is currently found within Malta. Most start-ups agreed that Malta is moving in the right direction as an eco-system and that we have made positive progress of the past few years. Contrastingly, others believed that there is still a lot which can be done. The main areas of concern raised by start-ups included legislation, financing, incubation, and education. Particular start-ups mentioned the lack of talented people which are needed for specialised jobs, the lack of networking opportunities, banking problems, funding schemes criteria and wrong mentality. This is very much in line with the problems identified by more recent literature (Seed, 2021). Start-ups go on further to mention a number of recommendations to improve the current eco-system.

5.7 Corporate Service providers, Governmental and non-Governmental entities

Further to the interviews that were held with start-ups, the perspective of corporate service providers, governmental and non-governmental entities was also sought for. When asked on what elements they look for within a start-up before considering validity in servicing most interviewees included the idea, the market, the entrepreneur, objectives, and validity. Interestingly enough, it was also noted that each gov entities adopted different start-up definitions. This might be one of the reasons that start-ups identified earlier as being problematic and requires improvement. When asked about why start-ups look towards their support, most CSP, Gov & Non-Gov entities were noted to be inline on this subject. They were contacted either request for information or guidance and financing. Start-ups complained that there is no centralised place where they can get access to all services they require. Improvement is also required within this aspect.

When asked on when they would get involved within a start-up when they are facing problems, all interviewees agreed that they would onboard start-ups at any stage, however, if the start-up were to approach them earlier, this would be even better. Remarkably, one start-up also mentioned that start-ups sometimes don't admit that they need help which is fundamental at the beginning phases of a company. When asked about the effects they consider when advisory is given, interviewees mentioned a number of factors including the impact on goals, business strategy implementation, organizational structure, reliance, resilience amongst others. It was also noted that some gov entities were not in a position to offer advisory due to the legal implications which such information may carry, however, they offered guidelines and referred to people elsewhere. This also highlights the needs to have a centralized information place for anything start-up related.

When asked about their opinion of whether to outsource or internally appoint executive roles, interviewees highlighted that this depends at which phase the start-up finds itself. They agreed that in the beginning phases, with relation to technical roles, it is better to appoint and then outsource the rest. When asked about the consultation criterion they look at when analysing start-up structuring evolution, although some could not answer, those that did said that they looked at the processes, the human element, the skills that are required and the structure. Given the semi-structured approach of the dissertation, CSP's, Gov and non-gov entities delved into the current eco-system that we currently have in Malta. Interviewees agreed that the tax system in place is the number motivator for start-ups to do business in Malta. This is also confirmed by national literature (Seed, 2021). They also note however that we still lack on several aspects such as banking issues, financing and bureaucracy, issues also raised and identified by start-ups.

5.8 Implications

There are a number of implications of this study. First off, it could lead start-up founders to analyse and understand how business development is undertaken by different start-ups within different industries. Moreover, founders, entrepreneurs, and business management executives can also improve their business development practices via the findings that have been listed above. Moreover, this study could be used by governmental and non-governmental to improve different policy areas which relate to business development and also to the general eco-system of start-ups in Malta. Lastly, this study could be used by academics to understand how start-ups function in an island perspective.

5.9 Strengths, Limitations & Further Research

One of the main strengths of this dissertation include its uniqueness. It is the first study to truly understand business development practices as undertaken by the start-up community within Malta's economy. However, its uniqueness can also be a limitation for this study as there was no previous studies to rely on within the local context. Another limitation is the generalised approach which has been used. The dissertation does not specify a specific industry. If it were so, results could have gone into more depth, however, it serves as a good starting point. Moreover, another strength of this dissertation is the factually based recommendations that are in chapter 6. It proposes concrete ways how the general start-up community can benefit through changes to different areas such as policy, funding, banking, and several others. This study serves as a starting point to understand business development as taken up by start-ups in Malta.

However, further research could be carried out in specific industries and sectors of the economy to further understand what business development strategies and practices are being

carried out by start-ups. Both in the financial and non-financial sectors. This helps in identifying what current practices are being carried out, what are they succeeding in and what they are failing in. This could also guide the local authorities to provide the necessary aid, be it both in the form of financial incentives or targeted courses to help upskill both the entrepreneurs and the people that work in those start-ups. Moreover, such studies can aid start-ups and small businesses in Malta to avoid common mistakes carried out by start-ups around the world and learn from what previous Maltese businesses have done to avoid the same mistakes. One must not ignore the fact that SMEs in Malta form most of our economy, and it is up to continue encouraging and inspiring individuals to find innovative solutions to the problems that we face around the world and also in Malta.

6. Conclusion

The research provided a further insight into how start-ups in Malta go about business development. The study concludes that founders and entrepreneurs have a clear understanding of what a start-up is. Moreover, they apply the start-up definition differently within their own circumstances. They consider themselves as being start-ups due to experiencing factors to what they recognise as a start-up. Contrastingly, CSP's, Gov & non-Gov entities' definition of what is a start-up differs greatly from what start-ups defined it to be. Start-ups mentioned several motivations to starting up including moving away from their old job and also having ownership over their life's.

The study also concludes that start-ups in Malta undertake business development in some form or another. This is undertaken by start-ups either individually or by one of the founders.

Given the fact that the study was aimed at the whole Maltese economy, this came at the sacrifice of delving deeper within a particular industry. The extent to which they exercised business development greatly depended on the circumstances that the start-ups found themselves in and also on the willingness of the founder/s to practice business development. Moreover, Start-ups look at common factors when analysing whether to focus on growth or to current operations within a company. However, they believe that any management or developmental changes that occur will ultimately contribute towards the growth of the company. Most start-ups also speak about the extent to which they can practice business development through Malta's start-up eco system lens.

Both start-ups and CSP's, gov and non-gov entities believe that Malta has done good progress in improving the eco-system, however, more needs to be done with improvements on policy,

banking, financing, and education remaining the top priorities. Start-ups recommended the creation of a skills bank made up of previous successful entrepreneurs, a revision to the current taxation system for Maltese entrepreneurs especially and more education and promotion of starting up a company. Further research can be conducted on how small firms take on business development, how companies within specific industries practice business development and studies on the Malta start-up eco-system.

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Appendices

APPENDIX A – INTERVIEW QUESTIONS FOR START-UPS

1. What would you consider as a Start-up? When does it stop being a start-up? (*To delve deeper*: Is it through its revenue or through the amount of people that work at the company or through something else?)
2. Why do you consider yourself as being/previously being a start-up?
3. What encouraged you to venture into your product/service as a start-up & not merge with another company or sell your idea?
4. What is the area of focus that constitutes your belief in the future success of the start-up?
5. How did you or are you addressing the question of should you focus on growth or switching your current position as an entity?
6. Start-ups most often are rich in one resource and flaccid in others. Therefore, management of the latter is of a delicate nature. Could you give an understanding of the sacrifices that need to take place in a start-up?

APPENDIX B – INTERVIEW QUESTIONS FOR SERVICE PROVIDERS AND STATE AID

1. What elements of a start-up are a prerequisite for your firm/entity to consider validity in servicing?
2. Why do start-ups look towards your support? What do you offer that attracts them?
3. Start-ups most often have an idea which is finding difficulty to develop or set up. At what stage do service providers or governmental entities deem of a feasible nature (not only monetary) to get involved?
4. What effects will be considered when advisory is given in light of different advances in management execution?
5. What is your opinion on outsourcing or internally appointing fundamental execution roles and top management within start-ups?
6. What form or consultation criterion do you consider when analysing the start-up structuring evolution?

APPENDIX C – INFORMATION LETTER

Information letter

Dear Sir/Madam,

My name is Mr. David Mallia, and I am a student at the University of Malta, presently reading for a Master of Science in Strategic Management and Digital Marketing. I am presently conducting a research study for my dissertation titled Business Management of Start-ups in the Maltese Dynamic Economy; this is being supervised by Mr. Edward Hector Spiteri. This letter is an invitation to participate in this study. Below you will find information about the study and about what your involvement would entail, should you decide to take part.

This study has several aims. This includes understanding the preliminary plans and stimulations in creating a start-up company in Malta, evaluating management execution in start-ups when considering the variants in conventional corporate management, investigating the allocation of roles and of corporate and structural resources in relation to business covenants for development growth and analysing the growth of start-up companies. Your participation in this study would help contribute to a better understanding of how business management is undertaken by start-ups and the reasons above. Any data collected from this research will be used solely for purposes of this study. Should you choose to take part, you will be asked to participate in a semi-structured interview with questions that encompass around the aims set above. This study will take approximately 30 minutes up to 1 hour.

Data collected will then be transcribed and themes will be extracted from the transcription. Once this exercise is complete, categories will be drawn from these and links between the data will be formed. Please note that all data collected will be treated confidentially.

Participation in this study is entirely voluntary; in other words, you are free to accept or refuse to participate, without needing to give a reason. You are also free to withdraw from the study at any time, without needing to provide any explanation and without any negative repercussions for you. Should you choose to withdraw, any data collected from your interview will be deleted. If you choose to participate, please note that there are no direct benefits to you. Your participation does not entail any known or anticipated risks.

Please note also that, as a participant, you have the right under the General Data Protection Regulation (GDPR) and national legislation to access, rectify and where applicable ask for the data concerning you to be erased. All data collected will be erased following publication of results.

A copy of this information sheet is being provided for you to keep and for future reference.

Thank you for your time and consideration. Should you have any questions or concerns, please do not hesitate to contact me by e-mail on david.mallia.16@um.edu.mt you can also contact my supervisor via email: ehspiteri@gmail.com.

Sincerely,

Researcher
Supervisor
Mr. David Mallia
Spiteri
david.mallia.16@um.edu.mt
ehspiteri@gmail.com

Mr. Edward Hector

APPENDIX D – CONSENT FORM

Participant's Consent Form

Business Management of Start-ups in the Maltese Dynamic Economy

I, the undersigned, give my consent to take part in the study conducted by Mr. David Mallia. This consent form specifies the terms of my participation in this research study.

1. I have been given written and/or verbal information about the purpose of the study; I have had the opportunity to ask questions and any questions that I had were answered fully and to my satisfaction.
2. I also understand that I am free to accept to participate, or to refuse or stop participation at any time without giving any reason and without any penalty. Should I choose to participate, I may choose to decline to answer any questions asked. If I choose to withdraw from the study, any data collected from me will be erased.
3. I understand that I have been invited to participate in this qualitative study in which the researcher will ask several concise questions to explore business management as undertaken by start-ups. I am aware that the semi-structured interview will take approximately 30 minutes up to 1 hour. I understand that the semi-structured interview is to be conducted in a place and at a time that is convenient for me.
4. I understand that my participation does not entail any known or anticipated risks.
5. I understand that there are no direct benefits to me from participating in this study. I also understand that this research may benefit others by making use of the study for further improving the business management exercise that is undertaken at their company/ start-ups.
6. I understand that, under the General Data Protection Regulation (GDPR) and national legislation, I have the right to access, rectify, and where applicable, ask for the data concerning me to be erased.
7. I understand that all data collected will be erased in an anonymised form on completion of the study and following publication of results.
8. I have been provided with a copy of the information letter and understand that I will also be given a copy of this consent form.
9. I am aware that, if I give my consent, this semi-structured interview will be audio recorded and converted to text (transcribed) as it has been recorded.

I have read and understood the above statements and agree to participate in this study.

Name of participant: _____

Signature: _____

Date: _____

Researcher
Supervisor
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Mr. Edward Hector

APPENDIX E – StartInMalta.com

