

## PROCESS OF INCUBATORS IN MOROCCO: OVERVIEW OF THE "FORSA" PROGRAM

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### Abstract:

The research investigates the role and significance of incubators in Morocco's entrepreneurial ecosystem, specifically in relation to the FORSA-2022 program. It focuses on how incubators establish mutually beneficial relationships with entrepreneurs to overcome obstacles to sustained innovation. As a crucial link between entrepreneurs and the external environment, incubators provide essential support. This is a case study, which presents a comprehensive exploration of a prominent regional incubator situated in Casablanca. The investigation delves into the intricacies of executing the government's FORSA-2022 program, closely analyzing the challenges faced by accelerators. Additionally, the study delves into the hurdles experienced by project initiators, which act as barriers to the successful realization of their endeavors. This analysis marks an initial stride towards strengthening the role of incubators for more performance and profitability in order to create strategies that can effectively improve the competitive strength of start-ups in Morocco.

**Key words:** *entrepreneurial support; business incubation; FORSA-2022, Morocco*

### INTRODUCTION

The population of Morocco currently stands at around 38 million people. According to the High Commission for Planning [1], the unemployment rate in the country increased by 0.8 points compared to the previous year, reaching 12.9% in the first quarter of 2023. The total number of unemployed individuals reached 1,549,000, indicating a 6% increase compared to the first quarter of 2023. In urban areas, there were 67,000 new unemployed individuals, while in rural areas, the number was 16,000.

The issue of youth unemployment in the Third World has gained significant attention from scholars and policymakers in recent years [2, 3, 4]. This topic has particularly been a focal point in sub-Saharan Africa (SSA), where several nations are grappling with the challenges posed by rising youth unemployment [5, 6].

There is a research, which points out that entrepreneurship plays a crucial role in job creation, enabling individuals to improve their lives and contribute to overall national development. As a result, numerous studies exploring the significance of entrepreneurship have been conducted globally [7].

Entrepreneurship is a dynamic force that stimulates the emergence of new markets, facilitates job creation, and drives innovation [8]. Entrepreneurs have a vital role in

generating employment opportunities, creating wealth, promoting modernization, enhancing healthcare, and facilitating economic development. It is closely tied to self-employment and is seen as a natural solution to address employment challenges, particularly among the youth [9, 10]. Recognizing the importance of entrepreneurship, policymakers worldwide have actively pursued innovative policies, programs, and incentives to promote entrepreneurial activities [11]. This has attracted the attention of researchers in various fields such as public policy and administration, urban economics, and innovation studies [12, 13].

In line with these trends, the Moroccan government has prioritized the support and promotion of entrepreneurship within the country through various initiatives, including "FORSA-2022." This program aims to foster an entrepreneurial culture and provide necessary support to entrepreneurs. Launched in Morocco, the program's goal is to fund projects for young Moroccans, regardless of their educational background, to establish their own businesses. It offers funding of up to 100,000 dirhams with interest-free repayment over a period of 10 years. The program has been successful and has garnered significant interest among young people. Over 168,000 individuals have benefited from the program, with over 10 000 projects receiving funding. The majority of these projects are concentrated in

sectors such as services, commerce, tourism, agriculture, innovation and technology, energy, logistics, and the environment. Additionally, the program has selected nine incubators to provide ongoing support to project owners throughout their entrepreneurial journey. These incubators were chosen to assist successful projects.

## LITERATURE REVIEW

The concept of the entrepreneurial ecosystem has gained significant attention in the literature. The ecosystem is defined as a complex interconnected network and system of interdependent elements [14]. There is a definition of the business ecosystem, indicating that it includes organizations, institutions and individuals that have an impact on the company, its customers and its suppliers [15]. Another study presents the entrepreneurial ecosystem as a framework for collaboration and the generation of wealth between various private sector and social actors [16]. Policymakers aim to guide the entrepreneurial ecosystem (EE), which encompasses factors influencing startup creation, growth, and survival [17, 18].

Similar to Porter's clusters [19], startups within a well-developed entrepreneurial ecosystem benefit from shared resources such as knowledge, human capital, infrastructure, supply chains, support organizations, funding access, and peer benchmarking [20]. These support organizations, including business incubators, accelerators, and coworking spaces [21], are explicitly created to stimulate entrepreneurial activity and provide assistance to entrepreneurs. Simulations demonstrate that when approximately 20% of startups receive sufficient support through intermediary organizations, they can overcome financial support network limitations in less developed entrepreneurial ecosystems [22]. Moreover, studies discuss programmatic designs to address the competitive environment's challenges for entrepreneurs [23].

Business incubators have played a crucial role in supporting startups since the 1950s, providing access to networks, space, and business support [24, 25]. They serve as producers of business support services, operating in a co-production relationship with startups as consumers [26]. Incubators are seen as shared office facilities that provide residents with value-added strategic intervention systems [20]. Accelerators, as targeted, fixed-term programs, offer mentorship, financial investment, office space, public attention, and certification to startups [27]. These organizations aim to accelerate startup development through learning, validation, access & growth, and innovation processes [28, 29]. In Morocco, the establishment of incubation structures has been growing to support entrepreneurs and transform their ideas into value-creating innovations. The incubation process encompasses three phases: pre-incubation, incubation, and post-incubation [30].

- Pre-incubation: This phase includes raising awareness, selection (based on various tools and evaluation criteria related to the entrepreneur, team, and activity), and training.
- Incubation: This is the most important and complex phase, as it determines the level of engagement

between the two actors: the incubator and the incubate and therefore the project's degree of success. The purpose of this phase is to provide value to the entrepreneur.

- Post-incubation: This phase occurs after the incubated companies have successfully completed their incubation period.

However, this phase is critical, as there is a risk of failing in their mission and facing the threat of disappearance according to studies by [31]. It is reported that 50% of companies disappear within five years of their creation. For example, in Morocco, the number of bankrupt companies reached 12,397 in 2022, a 17.4% increase compared to 2021 [32]. It is worth noting that 99.2% of these failures involve very small enterprises (VSE).

According to the study, conducted by [33] Moroccan micro, small, and medium enterprises (MSMEs) face various constraints that impede their development and success. One of these constraints is their small size, which makes it challenging them to cover fixed costs [34]. Additionally, the omnipresence of the manager at all levels of the company's management [35] and the centralization of decision-making act as hindrances to their growth [36]. MSMEs also suffer from a perception of opacity due to their inability to provide reliable information to stakeholders [37]. Furthermore, Moroccan MSMEs experience a significant lack of financial resources [38].

## EMPIRICAL STUDY

### Research methodology

The survey aims to closely examine the functioning of incubators, the main support actors, in order to identify both the constraints encountered and the success factors necessary for achieving their mission. Additionally, the survey seeks to determine the major obstacles and factors hindering project leaders, creators of VSEs/SMEs, from successfully accomplishing their mission. Participants were asked to provide information on various topics such as the most difficult or critical stage of the FORSA program, recommendations for improving program performance, team collaboration during the relevant period, assessing internal communication and flow of information within their incubator, and their thoughts on the major obstacles that could hinder the success of entrepreneurs based on their experience with project leaders from FORSA-2022.

The approach described in this paper (Fig. 1) uses the following methodology: In the initial phase, we approached the survey regarding the entrepreneurial ecosystem and research efforts in the context of Morocco.

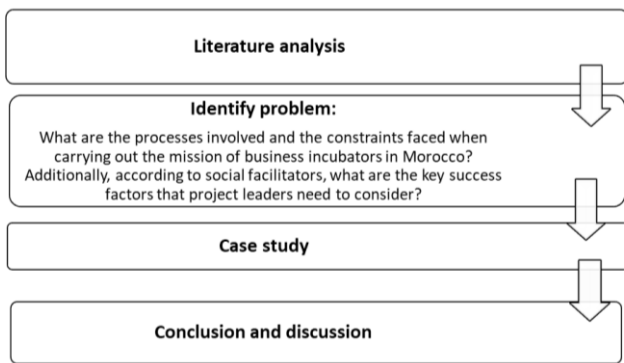


Fig. 1 Research methodology

This initial phase facilitated the recognition of the central issue of the study. Subsequently, in the second phase, data was acquired through a case study approach. This allowed a complete analysis of the operating methods of this incubator participating in the State program. In addition, it facilitated the identification of the various challenges that hinder the improvement of their performance and the progress of project leaders. Finally, the last step consists in discussing the acquired results.

**Results**

Drawing from existing research within the field [39], distinct incubator models and various business incubation process models, each encompassing a range of activities, have been identified. Throughout these models, incubates engage in value-enhancing activities, either during the selection phase, the follow-up stage, or through the allocation of resources. In the subsequent sections, we delineate the specific process embraced within the Moroccan context (Fig. 2).

Here are the phases of the FORSA program before the financing according to our interviews:

1. Announcement of the FORSA program in the media and public advertising.
2. Opening of an online registration site, with a division of the Moroccan region according to percentage objectives.

3. Allocation of system files (ODO) to evaluate applications.
4. Scoring of applications, with evaluation on a 6-point scale. Projects with a score of 6 or higher are accepted, those with a score between 4.99 and 6 are placed on a waiting list, and those with a score below 4.99 are removed. Evaluation criteria include status (individuals not exceeding 3 years of activity), project value (team skills and experiences), proposed solution problem, development potential, and project economic viability.
5. Selection of candidates by a regional selection committee, which may include representatives from Anapec, SMITH, banks, and regional incubator officials.
6. Presentation of a project page to the jury by an incubator member and orientation of the file by the committee according to the type of training path (A for illiterates, B for educated without status, C for educated with status).
7. Short-term training (2 weeks, 4 weeks, or 6 weeks) and long-term training (approximately 2 and a half months) with mandatory online courses provided by FORSA Academie. Learners in category A (illiterates) benefit from specific support to facilitate the use of computer tools.
8. In-person training according to the selected path, including the development of a business plan, an economic model, and an income statement.
9. Use of the MOVABS data system to submit output deliverables and the legal file 72 hours before evaluation.
10. Financing committee that evaluates financing requests based on the business plan and checks the solvency of the candidates. The loan is 100,000 DH, but only 90,000 DH must be repaid without interest over a period of 2 to 8 years.

Validation of the file and end of the incubator's role, although the relationship with project holders may continue to help in banking operations.

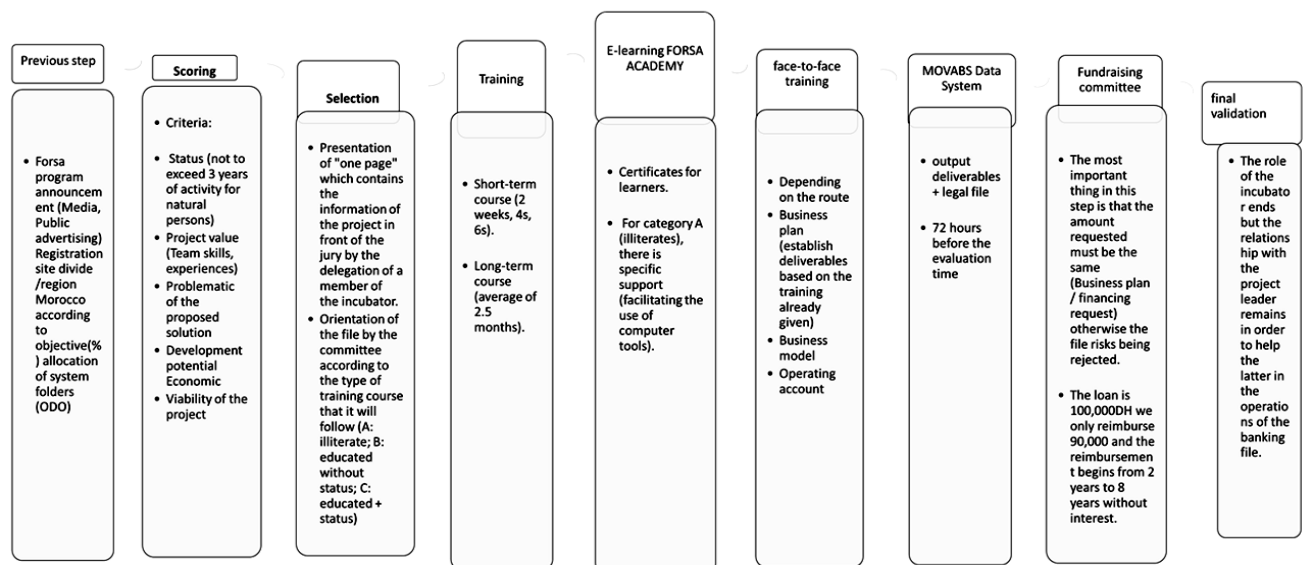


Fig. 2 The process of supporting projects initiators

Following extensive discussions with social organizers, during which their pivotal role in supporting young entrepreneurs was thoroughly explored, a comprehensive compilation of various constraints has been assembled, along with an assessment of their respective degrees of significance.

Here are the constraints we discussed with the facilitators and were of interest to the participants in the program, as they could have an impact on the success of their projects. It is important to consider and address these constraints in order to increase the chances of success for the project. By analyzing and understanding the importance of each constraint, the project team can prioritize and allocate resources accordingly. Overall, a thorough evaluation and consideration of these constraints is necessary for the success of any project.

Project-related constraints were found to be significant for the participants as they affect the success of their project. The participants emphasized the need for clear objectives, efficient planning, and effective communication to overcome project-related challenges.

Market-related constraints were identified as the most crucial for the participants. The participants highlighted the importance of market research, understanding customer needs, and developing effective marketing strategies to overcome market-related challenges.

Administrative difficulties were considered quite important, with the participants stressing the need for streamlined processes, clear policies, and supportive administrative staff to overcome these challenges.

Legal constraints were found to be important for the participants, who emphasized the need for compliance with regulations, obtaining necessary licenses, and avoiding legal issues that could impact the project's success.

Financial constraints were also identified as quite important by the participants, who highlighted the need for sustainable funding sources, effective budget planning, and efficient use of resources to overcome financial challenges. Finally, personal constraints were moderately important for the participants, who stressed the importance of having the necessary skills, knowledge, and motivation to succeed in the mission effectively.

## CONCLUSION

In this article, we provided a summary of the Moroccan government program, which aims to assist project leaders in getting off to a solid start. This assistance is financial in nature, but it also includes training in entrepreneurship and project structuring.

Incubators, led by specialists in the subject and social facilitators, carry out this task. As a result, we were able to conduct this qualitative study within one of the country's leading incubators, seeing the nuances of this activity up close and being able to list several obstacles that initially impede the success of project leaders. Before going, this is an initial attempt to comprehend the incubation process.

In conclusion, the participants in this program identified project-related, market-related, administrative, legal,

financial, and personal constraints as important factors that impact their ability to succeed. While personal constraints are considered moderately important. Overall, all constraints should be taken into account during project planning. By addressing these constraints and developing effective strategies to overcome them, the participants can achieve their goals and successfully complete the program.

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