

SPANISH GOOD PRACTICES IN ENTREPRENEURSHIP POLICIES DESIGN AND DELIVERY

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Description of the approach

Examples of good practice in entrepreneurship promotion programmes found in Spain include:

1. CEIPAR⁷⁷, launched by the Spanish Ministry of Industry, Trade & Tourism, specifically designed to overcome the shortage of newly created technology-based businesses. The programme was preceded by a pilot project (CETPAR) started up by APTE, the association of Spanish technology parks,⁷⁸ with the support of the Ministry of Industry, Trade & Tourism, to promote growth for 52 companies located in 5 science and technology parks. The firms received business assessment, economic support, and preferential access to participative loans from ENISA, the state-owned risk-financing innovation company.⁷⁹

CETPAR's results encouraged the Ministry of Industry, Trade & Tourism to launch the new €6.3mn CEIPAR programme, under which the programme's participant technology parks will receive a grant of approx. €270 000 to support firms of less than 3 years of activity by improving their incubators and their consultancy capability.

In this tender, support will be provided for 164 companies in 22 science and technology parks, which will receive, as in the pilot programme, financial support for growth (between €8 000 and €34 000), business assessment from the EOI⁸⁰ school of industrial organisation (a business school dependent on the Ministry of Industry, Trade & Tourism), and preferential support for ENISA participative loans.

2. In Spain, local institutions and Chambers of Commerce⁸¹ often promote incubators, which are the major tool for supporting the creation of new businesses. Business Incubator Centres (BICs) are an important feature of this tool, as they provide specific support for innovative companies. The BICs were originally promoted by the European Commission's General

⁷⁷ www.mityc.es/CEIPAR.

⁷⁸ www.apte.org.

⁷⁹ www.enisa.es.

⁸⁰ www.eoi.es.

⁸¹ www.camaras.org/publicado/incyde/presentacion.html.

Directorate for regional policy.⁸² In Spain they have been promoted by regional governments, local authorities or private-public partnership.

At present, 21 BICs employ a total workforce of 250, 170-plus of whom are project assessment officers.⁸³

Housing 400 businesses, the BICs cooperate on an annual basis in the creation of 1 000 new companies, and receive inquiries from some 9 500 potential entrepreneurs.

The BICs provide a series of services designed to cater for the entire “supply chain” involved in the creation of a new business. The services offered in the initial consolidation and first phase of growth of a start-up are: business motivation, identification of projects, guidance and information for potential new entrepreneurs, production of a Business Plan, training for the entrepreneurs, help in starting up the new company, offer of office and production premises at the BIC, new entrepreneur support services, production of a financing plan, facilitation of contact with financial services, support for defining business development plans and in the search for cooperation networks.

3. The Basque Country is a Spanish Autonomous Community with roughly 2.5 million inhabitants, which, after a long period of industrial restructuring, is now enjoying a buoyant economic situation and income levels above the EU average.

However, until the 1970s the Basque Country was a dynamic economy with real business and entrepreneurial drive. Today, despite having a large number of specific support programmes for new businesses, the percentage of new start-ups in the Basque Country is lower than the European and Spanish averages.

The Basque government saw the need for an Entrepreneurial Society Promotion Plan that would enable the problem to be tackled from an integral perspective giving global coherence to the individual measures, following the model of the Regional Innovation Strategies (RIS) in regional innovation policy.⁸⁴

Amongst its objectives, the Basque Entrepreneurial Society Promotion Plan aims to spread entrepreneurial spirit and ambition throughout Basque society; to help the Basque Country become a more competitive, dynamic society, addressing activities of greater added value; to transform knowledge into new products and businesses; to improve the social esteem of the entrepreneur; and to establish and develop a political, fiscal, regulatory, economic and social context favourable to the development of an entrepreneurial capability.

Rationale for the policy intervention

In Spain, entrepreneurial culture has improved over the years, and the position of Spain in the GEM (Global Entrepreneurship Monitor) country classification has gradually improved in comparison with other European countries, raising from a TEA (Total Early Stage Entrepreneurial Activity) of

⁸² www.ebn.be.

⁸³ www.ances.com.

⁸⁴ See www.innovating-regions.org for more information.

4.59% in 2002, to a TEA of 5.15% in 2004 (7th in the European Union) and a TEA of 7.27% in 2006 (4th).⁸⁵

This improvement is partly a result of the economic situation, which in recent years has been highly favourable to the Spanish economy, with business opportunities proliferating and the possibility of creating a business becoming increasingly attractive.

But it also has to do with recent efforts made by Spain to promote entrepreneurial spirit, with initiatives promoted by the central and regional governments alike, either through one-day- or one-week-events devoted to the entrepreneurs,⁸⁶ or through web pages spreading the entrepreneurial culture: for example, information is facilitated online and companies can now be created via the Internet.⁸⁷

Data about Spanish entrepreneurs is interesting in that it doesn't always seem to agree with the theoretical conditions informing the definition of new business aid schemes. According to GEM 2006 the average age of entrepreneurs in the country is about 40, although the figure has fallen in recent years. Most of these entrepreneurs also come from sectors with relatively high incomes (€ 000-plus a month) and with university training. The majority of the initiatives involve very small companies (micro-businesses), which cannot be considered innovative. The average capital of such firms is €66 000, mostly financed with the new entrepreneurs' own resources (often with the help of family or acquaintances).

In line with this sketch portrait of the Spanish entrepreneur, the time appears to have come to question the insistence of public programmes of support for the creation and development of new technology-based firms and the development of sophisticated financing tools like venture capital and business angels, and instead promote in a more generalised way instruments adapted to this situation such as micro-loans, participative loans and support systems in the management and launch of business plans.

Why the approach is relevant to Croatia

The Spanish experience is relevant to Croatia because:

1. It demonstrates that a society's entrepreneurial capability can be improved, through improvements in the economic milieu and, as a consequence of public policy, promoting the entrepreneurial spirit and entrepreneurial behaviour.
2. It highlights the importance of global approaches designed to deal systematically with the set of problems hindering entrepreneurial activity. This is true for legal and administrative regulations, the systems for financing and locating the new business, and the social culture that favours entrepreneurial attitudes and modes of behaviour.

Reasons for the success or failure of the approach

1. Three aspects of CEIPAR are particularly worthy of consideration: a) the importance of a pilot experience before launching a regular programme, which enables the organisers to

⁸⁵ www.gemconsortium.org.

⁸⁶ www.emprendemosjuntos.es.

⁸⁷ www.ipyme.org/IPYME/es-ES/EmprendedoresCreacionEmpresas/IniciativaEmprendedora.

verify whether the programme is correctly defined; b) the importance of treating problems integrally (improving incubators, consultants, financing, training, etc.); and c) the importance for central government programmes to have support on the ground, i.e. in this case the technology parks have to be capable of dealing with each entrepreneur on an individual basis.

2. Despite the globally positive figures and data, it should be noted that BICs' performances in Spain are far from identical, with similar experiences leading to some very different results.

In general terms, BICs have produced positive results when they have been inserted in a global regional promotion policy backing entrepreneurs and the entrepreneurial spirit; when they have institutional support in financing and in launching their activities; when they promote the entrepreneurial spirit in action addressed to society as a whole or to specific target objectives (namely, research centres or universities), and actively seek out potential entrepreneurs through promotion activity.

But the experiences have tended to be negative when they are the product of isolated projects (i.e. when they are not embedded in a more global policy), implemented without institutional support, and where the principal concern is seeking financing to survive.

3. Although none of the measures involved in the Basque Entrepreneurial Society Promotion Plan are particularly original,⁸⁸ what is original is the bid to achieve a response to the clear fact that a society's entrepreneurial capacity can only be improved through an integral plan that gets systematically to grip with the set of conditions that would facilitate the encouragement of entrepreneurial activity.

The obstacles faced in implementation and the quality of the response taken

1. For CEIPAR the obstacles were found in previous programmes. Their experiences explain the definition of CEIPAR in 2 steps, one as a pilot project and the other as a generalised programme. At the same time the previous evidence of the difficulties of the Central Administration to be in touch with the new entrepreneurs, explains why this programme was designed since the beginning to be implemented by intermediary bodies such as the Technological Parks, closer to the places where the entrepreneurs are found.
2. BICs were initially supported by the European Commission as an entrepreneurial mentality instrument, and for this reason they were created as an independent body. But the experience shows that the most successful were those which maintained the entrepreneurial feeling, and were able to be part of the general framework of the local or regional policies. In this way they have less financial problems, they could use their energies to promote the entrepreneurial culture and it is easier for them to use the public programmes to finance and assist the new entrepreneurs.
3. For the Basque Entrepreneurial Society Promotion Plan the biggest difficulty remains the capacity to integrate the different departments and administrations. In fact, the goal is far from being obtained. However, partial measures of the Plan were implemented, and consequently awareness about the importance of the coordination was obtained and a new culture of collaboration was fostered.

⁸⁸ See <http://www.cedemi.net/Noticia.aspx?id=134> for some of the measures.

Considerations for successful adoption in Croatia

1. When defining the programmes, it is absolutely vital to be aware of who the real entrepreneur is. They cannot just be carried away by an idealised vision of the entrepreneur inferred from scientific literature or referring to countries cited as benchmarks because they are more advanced in technology-based economies, and then their entrepreneurs' typology is not the same of the less developed economies as Croatia.
2. It also needs to be kept firmly in mind that an entrepreneurship support policy cannot be successful if it is defined isolated, without taking account of the other policies providing support for improvements in the competitiveness of the production system.
3. For an efficient use of resources and to effectively influence the pattern of enterprise creation in a country, an entrepreneurial promotion policy needs to be transversal to the different Departments and institutions. That would be facilitated by the definition of an Integral Plan for the Promotion of an Entrepreneurial Society.
4. In order to be successful, policies designed to promote the entrepreneurial spirit and culture have to be implemented by players on the ground, and they will generate a significant impact at local level if programmes are not homogeneously designed on a central level.

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