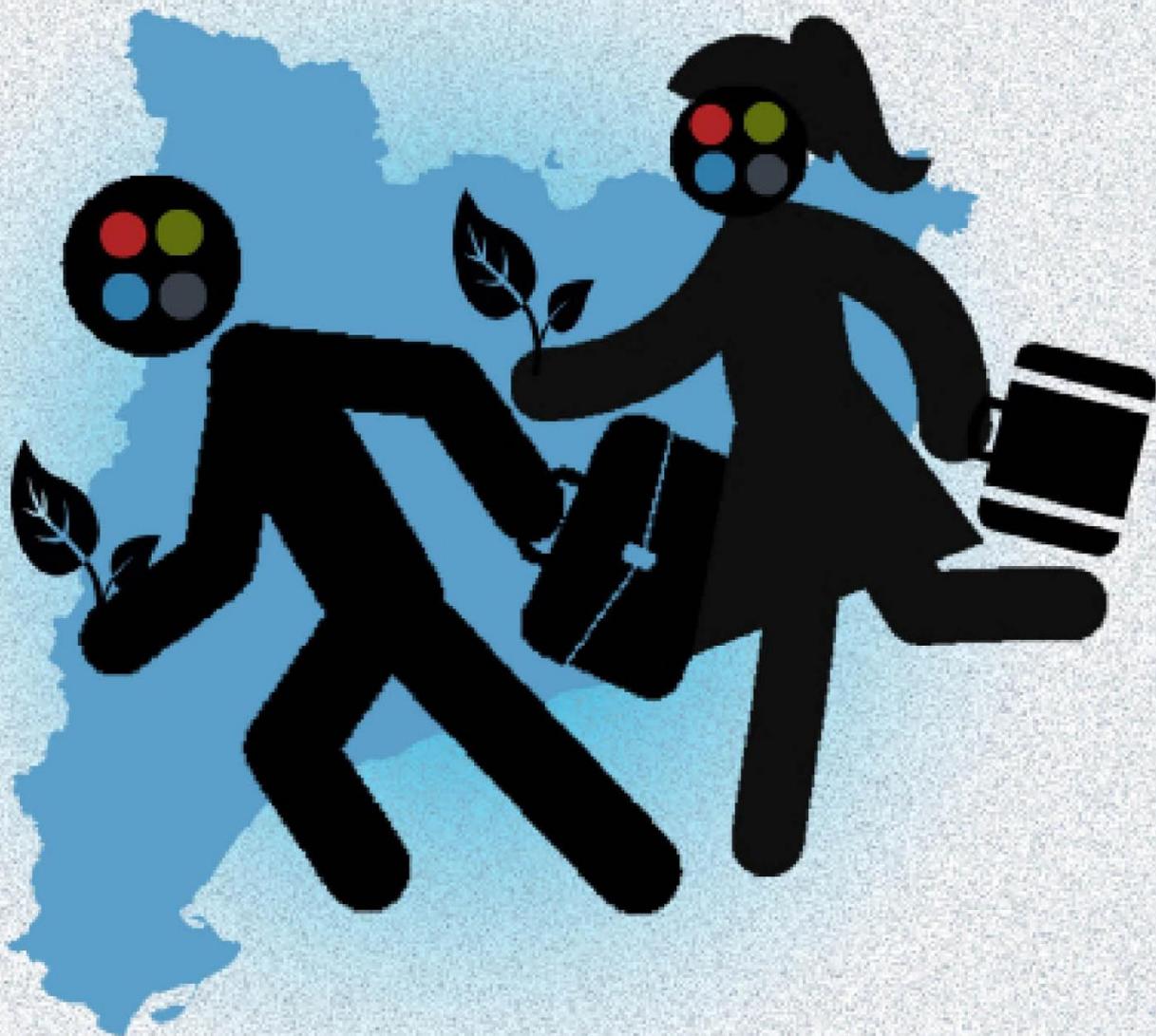


Entrepreneurship in Catalonia: activity, education and policies

Executive summary



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ENTREPRENEURSHIP IN CATALONIA: ACTIVITY, EDUCATION AND POLICIES

REPORT

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Catalan Labour, Economic and Social Affairs Council (CTESC)

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1. EXECUTIVE SUMMARY

1.1. Introduction and methodology

The persistence of the current economic, financial and employment crisis has relaunched entrepreneurship as one of the possible ways of getting out of it and as a factor of business growth and employment. Consequently, it has become the subject of public and private initiatives as well as of debates on political, business, trade unions and academic themes.

In this context, the Catalan Labour, Economic and Social Affairs Council (CTESC), on its own initiative, has decided to contribute its vision in order to develop a set of considerations and recommendations to the Government in this area, in accordance with its purpose, which has been recognized statutorily.

To achieve this overall objective, this Report has treated the following specific objectives:

1. To establish a common concept of entrepreneurship as a basis for analyzing this phenomenon.
2. To describe the entrepreneurial process, its phases, the main obstacles, the key elements in the process, the factors of success and failure, among others.
3. To focus attention on entrepreneurial education, its features, benefits, methodology, level of implementation in different (regulated and unregulated) training systems, etc., making special mention of the teachers' role.
4. To describe and analyze entrepreneurship policies undertaken mainly by public institutions in a Catalan, national, European and also international scale, as well as to prepare a list of those active measures in Catalonia in 2013.

The methodology followed in the preparation of the Report is combined throughout the different sections: literature and document management, specialized research to identify national and international practices, exhaustive emptying of specialized websites and regulations to detect active measures in Catalonia for the year 2013 in the field of entrepreneurship promotion, as well as focus groups organized as appearances of people related to the world of entrepreneurship.

Hearings were held in September 2013, with an average of three speakers each. The speakers responded to three different profiles: experts in entrepreneurship, education experts and entrepreneurs themselves, that is, people who have started a business. In general, experts are people who can belong to both public and private institutions or they can intervene personally with knowledge and experience of the various issues discussed throughout the Report.

1.2. Context

1.2.1. The concept of entrepreneurship

To specify what we mean when we talk about entrepreneurship is the first step to fulfill the aim of this Report: take a picture of entrepreneurship in Catalonia as a basis for agreeing a set of considerations and recommendations in this area aimed at the Government of the Generalitat of Catalonia.

In this sense, we have chosen the definition of the *Project Global Entrepreneurship Monitor* (GEM), according to which entrepreneurship is "a business or business activity, including self-employment, which is launched in any sector and does not exceed 42 months of life". This definition is based on the result of the initiative or entrepreneurial attitude (business or entrepreneurial activity), without distinguishing the legal form adopted, and expressly includes self-employment option that many entrepreneurs (individual or groups)¹ chose to start a business in our country.

¹ It is also necessary to keep in mind the collective entrepreneurship, which adopts a corporate form, but the members of which are listed on Social Security as self-employed. An example are the associated work cooperatives, whose statutes specify whether the working members of the cooperative are assimilated to employed workers and are listed on the general system or on the one corresponding to the economic activity of the cooperative, or are considered self-employed and, therefore, they are listed on the self-employed system (RETA) or on the regime of seafarers on their own.

On the other hand, it is necessary to consider a second definition of entrepreneurship, that is relevant, although it is not the main one in the Report, since it is the substrate of important approaches to this phenomenon (especially from the perspective of 'entrepreneurial education'). So Recommendation on key competences for lifelong learning, of the European Parliament and the Council of 18 December 2006,² defines in general terms 'the sense of initiative and entrepreneurship' as that "ability of the person for transforming ideas into action". As Recommendation sets out, competition is seen as a skill that people should have and that is key to our social, economic and political setting. The center of gravity of the definition is the person, his/her knowledge, skills and attitudes.

According to Recommendation, this concept relates to "creativity, innovation and risk taking, as well as to the ability to plan and manage projects in order to achieve goals. In this competition are based all people, not only in everyday life, at home and in society, but also in the workplace, being aware of the context within which their work develops and being able to take advantage of opportunities; it is also the foundation for other more specific skills and knowledge that people who establish or contribute to a social or commercial activity need. This should include awareness of ethical values and promote good governance".

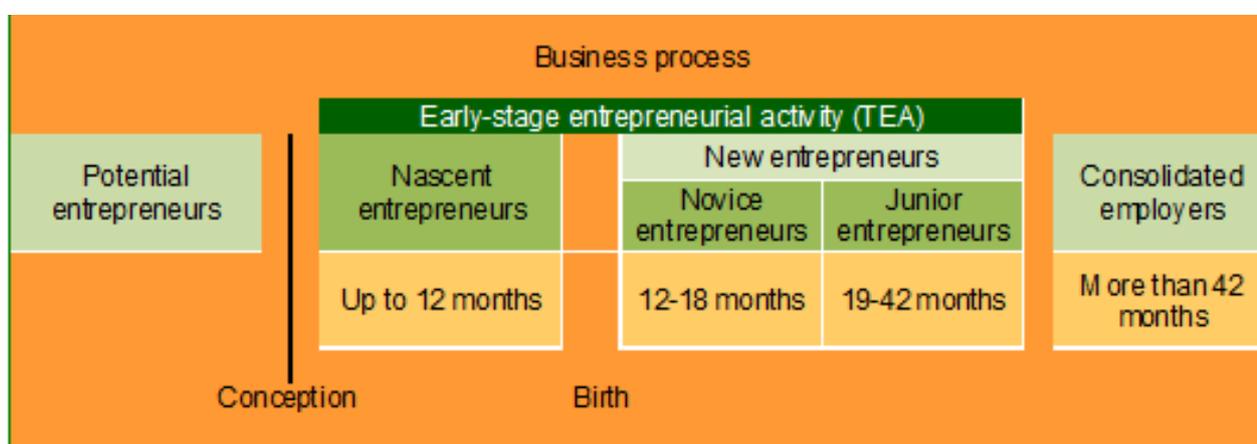
1.2.2. How to measure entrepreneurship?

Given that entrepreneurship can be defined in different ways and from different perspectives, its quantification is also multifocal. This section comprises two international projects that provide information on the different forms of entrepreneurship: *GEM Report* and the Entrepreneurship Indicators Programme of OECD and Eurostat.

The objective of the **Global Entrepreneurship Monitor Project** is to analyze the relationship between entrepreneurial activity and economic growth of countries. The project began in 1999 and today there are over 80 countries worldwide participating in it. Given the continuity and extent of the data, as well as the breadth of topics covered in various reports, throughout this Report there are constant references to the research conducted under this project.

As already mentioned, the GEM definition is the conceptual basis of this Report to define what is meant by entrepreneurship. However, it is necessary to keep in mind that this is a dynamic definition, where the concept of entrepreneurship evolves over time and is broken into sub-concepts which allow a more accurate approach to the reality that should be studied, as reflected in the following figure.

FIGURE 1. Glossary of GEM terms to describe the business process



Source: GEM Project.

Secondly, we must mention the **Entrepreneurship Indicators Programme (PIE)**, a project launched by the OECD in collaboration with Eurostat, which is supported by internationally recognized organizations in this field, as the Kauffman Foundation. Its aim is to develop a list of indicators, standardized definitions and concepts to ensure long-term statistics, to provide information to the agents who are responsible for public policy and to the academic researchers in order to improve the knowledge and information available about the entrepreneurial activity and its impact, particularly in terms of wealth, employment and productivity.

² Recommendation of the European Parliament and the Council of 18 December 2006, on key competences for lifelong learning. DOUE L 394, de 30.12.2006.

However, the amplitude of the concept makes it impossible to measure it from a single indicator, so the Programme identifies a number of indicators; the ones which are considered key indicators are the following:

- The rate of creation and destruction of firms with employees.
- The rate of high-growth companies, measured on the one hand in terms of employment and on the other in terms of their turnover. These are companies that have an average annual growth of over 20%, both with regard to the number of employees as to their billing.
- And the rate of gazelle firms, also measured by two variables: the employment that they create and the billing that they report. These companies are a subset of the above mentioned ones (ie, they must meet the requirements of high-growth companies) but younger: they are less than five years old.

The definition and own selection of these indicators as key ones reflects a particular conception of entrepreneurship held by the institutions which promote the Programme: companies without employees are not taken into account, since it is considered that, as long as they have a smaller size (compared to companies with employees), they have a lower potential for growth and job creation. This forces us to be careful when comparing the data for Spain and Catalonia with the other countries, since here the importance of entrepreneurs without employees is higher than the one of employers with employees.

1.2.3. Entrepreneurship in Catalonia

This section presents the main data available on Catalonia to measure the different forms of entrepreneurship and its development in recent years, affected by the economic crisis. Thus, for the period 2007-2012 they gather the information provided by the *GEM Catalonia Report*, the data about workers registered with the special Social Security system for self-employed (in particular, the category "of self employed workers strictly speaking"),³ the information relative to the self-employed in the Labour Force Survey (EPA) and information on demography published by the Department of Enterprise and Employment.

The joint analysis of these sources of information allows to summarize the evolution of entrepreneurship in recent years in Catalonia and prepare a "sketch" of the entrepreneur. Despite the shortcomings of different sources, it is possible to define the profile of the entrepreneur in Catalonia as a man, 40 years on average, of Spanish nationality, without independent workers, with a high education level (post-compulsory high school or university) who operates mainly in the service sector.

Moreover, the development of entrepreneurship in Catalonia in recent years has the following features:

- In 2012 the trend initiated in 2006 with the fall in the number of entrepreneurs continues, according to data from the Social Security (SS) and EPA. However, the *GEM Catalonia Report 2012* describes the growth of new entrepreneurship and business demography indicators show how the gross rate of entry is higher in 2012 compared to 2011 (ie, more companies have enabled).

³ The "self employed workers strictly speaking" are all affiliated persons excluding persons listed in corporations, cooperatives or other companies, partners and family members of special groups including the self-employed RETA.

TABLE 1. Evolution of entrepreneurs in Catalonia, 2007-2012

Source		2007	2008	2009	2010	2011	2012
GEM Report	Entrepreneurs	395.969	337.630	302.767	248.000	334.500	385.900
	TEA	8,39	7,27	6,38	5,04	6,82	7,88
Social Security	Self employed workers strictly speaking (APD)	371.531	352.957	332.250	324.435	318.511	309.783
	APD percentage of the total membership to Social Security	10,9	10,9	10,7	10,5	10,6	10,8
EPA	Self employed workers	576.725	582.748	523.948	501.545	485.299	474.901
	Percentage of self employed persons in relationship to the employed population	16,4	16,7	16,4	16	15,8	16,4

Units: absolute numbers and percentages.

Note: Data for Social Security and the EPA are of December 31 of each year and fourth quarter, respectively. The initials refer to the TEA rate of entrepreneurial activity (in English) and the APD to the "self employed workers strictly speaking".

Source: own elaboration based on data from the *GEM Report*, Social Security and EPA.

- It increases the level of education attained by entrepreneurs (especially higher education).
- According to GEM, young people (those under 35) are more likely to undertake than the average of the population, although the 2012 Report reflects how this year the older people have created more companies than the younger ones. This finding is consistent with information from Social Security which shows some aging of the collective of self employed workers.
- Despite the current economic climate and high unemployment, the opportunity entrepreneurship is higher than the necessity one, although the latter grows hard the last two years.
- Construction has registered strong declines in the number of entrepreneurs, and this fact, combined with the decline also recorded by the industry, has caused that the service sector becomes the one which encompasses most of the self employed work. However, the construction sector remains being a sector with an important dynamism in terms of business demography: new companies are being created, but at a slower rate than those destroyed.
- Most entrepreneurs do not have employees, and the ones that have them have fallen more intensely (both according to EPA as to Social Security data); this fact reflects the fragmentation of entrepreneurship initiatives in Catalonia. Firms with very few or no employees lead the creation and destruction of firms.
- In recent years the social concept, prestige and recognition of entrepreneurship have improved, although the persistence and severity of the current crisis may adversely affect this change.

1.2.4. Groups that are subject to special treatment in promoting entrepreneurship

Although the profile of the entrepreneur in Catalonia covers a large group of people, we must take into account other groups defined after other variables, such as women and youth, who have been the subject of special treatment by public institutions. This specific treatment is based on two facts. On the one side these are groups with lower participation in the labour market; therefore, their integration would have positive effects in personal and aggregate terms on economic growth and employment;⁴ and on the other, they have less access to entrepreneurship for a number of reasons that, if they are corrected, would increase their propensity to undertake, which in turn leads them to join the labour market, with a number of positive effects both personal and aggregated.⁵

⁴ Among others: European Economic and Social Committee (2012); European Commission (2012a); Aguirre, Hoteit, Rupp *et al.* (2012); Kelley, Brush, Greene *et al.* (2011); Vincenza i Salt (2010); Rath (2010).

⁵ European Economic and Social Committee (2012); European Commission (2012b); Terjesen, Lepoutre, Justo *et al.* (2012); Kelley, Brush, Greene *et al.* (2011).

Given the impossibility of analyzing all these groups, the Report sets out in detail the situation and research on four groups that have traditionally targeted specific measures to promote entrepreneurship, identified according to three variables: sex (female), age (young and older people) and nationality (people of immigrant origin).

1.3. The entrepreneurial activity

Chapter 4 of the Report provides a brief analysis of entrepreneurial activity and centers the attention on the key factors which are most relevant to entrepreneurship, to the entrepreneurial process and to failure and its consequences.

The first step in the analysis of entrepreneurial activity is to identify the key factors that influence throughout the process, although the intensity and presence of each one can vary according to the different stages or types of projects. This results in a classification of the key factors made by the experts, which is patchy. The lack of uniformity is a feature shared by the analysis on possible steps that comprise the entrepreneurial process.

The entrepreneurial process is the path from idea generation or detection of a business opportunity until this project develops and grows and strengthens. The period until consolidation arrives may be longer or shorter depending on the project started, the time in which it develops and the economic and social context, among others. Also, to determine the point at which we can say that a business is established is difficult and it depends on the variables studied.

Finally, in the same way that it is important to refer to the consolidation stage as a reflection of the success of the project it is not possible to avoid a brief analysis of failure and its consequences. With respect to business failure it should be mentioned, by way of conclusion, that this concept is not unambiguous and that the causes that lead to it and the consequences that derive from it are diverse.

1.3.1. Key factors

Determining which are the key factors in entrepreneurship has generated intense debate because the interacting elements in the entrepreneurial process can be many and varied and, although they have influence and relevance throughout the cycle of a project, their presence is not always constant. This section has developed a categorization based on five groups of key factors, closely following the line established by the grouping made in the Entrepreneurship Indicators Programme OECD – Eurostat.

FIGURE 2. Key factors to entrepreneurship



Source: own elaboration.

In a broad categorization it is necessary to highlight factors related to:

- I. **Entrepreneurs:** The entrepreneurial process involves facing up to a series of circumstances that test specific skills and personal skills. The success of converting a good idea into a viable firm depends on the behaviour that people who are leading it are able to establish. The personality traits of entrepreneurs which have been analyzed and are more predominant are: motivation for achieving a goal, autonomy, openness, extraversion, consciousness and responsibility, propensity for risk, preference for innovation, personal perception of their skills, tolerance for ambiguity, self-esteem, adaptability to changes or assimilation.

lation capacity and initiative, among others. Otherwise, studies in this area detect certain differential characteristics between cognitive mechanisms and skills of entrepreneurs.

These theories interact with the sociological approach that places the focus on the influence of the environment. The study of the influence reinforces the importance of family and the immediate environment, social capital and/or training, although echoes of other negative external factors (exclusion, migration, long-term unemployment, layoffs, rejection of ideas or disagreement with the social status of the person, etc.) act as promoters or inhibitors of entrepreneurship.

- II. **The enterprise culture:** It refers to the prevalence of attitudes, values and beliefs of individuals in a society and it defines a social context that stimulates entrepreneurial behaviour. Measuring corporate culture of a region is not easy, given its complexity. Nor is the analysis of social attitudes towards entrepreneurship in the same region, as there are distortions between different time periods. However, the cultural construct to promote entrepreneurship includes factors such as the promotion of prestige and social recognition of entrepreneurs, the appreciation of success obtained by personal effort, the emphasis on autonomy, creativity and personal initiative, reducing the stigma of failure or promoting a lower risk aversion, among others.

In practice, the *GEM Spain Report 2012* shows how experts stated that "the social and cultural norms that govern in Spain are not perceived as appropriate to promote the acquisition of entrepreneurial values in the population, so that this remains a key issue to be improved". Therefore, the results of the Report show that Spain is still far from reaching optimal levels, even small progress in this line.

- III. **Acces to funding:** It constitutes one of the essential elements for entrepreneurial activity at all stages, and specifically in the creation phase. At a generic level there are references to two sources of funding: own (savings or personal loans, contributions from relatives or friends) and external (official or private credits of limited duration with payment of interests). At this point it should be noted that one of the ways to facilitate the availability of equity, that has been used occasionally by entrepreneurs is the capitalization of unemployment. In relationship to forms of external financing, it should be noted that the most important are: bank loans, venture capital and angel investors (business angels in English terminology), although there are alternative sources such as collective or mass financing (crowdfunding), commercial loans (bostrapping), surrender of invoices or credits to specialized companies (factoring), financial leasing of material or equipment with payment of rent (lease) or car rental, rent of computer equipment, etc. (leasing).

At present the economic and financial situation is very difficult for entrepreneurs because banks rarely offer new loans, either because they are immersed in their own processes of refinancing and/or restructuring, or because of the lack of patrimonial warranty or guarantees of entrepreneurs. At this point other options such as venture capital or private investment (angel investors) take more force, but the activity of these channels is still lower than the one developed in other countries around.

- IV. **The regulatory framework:** It influences on the spirit and entrepreneurship of a region. The types of policies that can influence the rate of business of a geographical area or a country have been under intense academic debate. Among the theories expressed, the formulated by Verhuil *et al.* (2001) stands out because of its influence on later studies, although the one developed by the OECD has a more current character. From 2006 the OECD, in the theoretical framework of the Entrepreneurship Indicators Programme, describes a set of policies, evaluated by different indicators, as influential factors in entrepreneurial activity. In its catalogue it differentiates policies as belonging to the following areas: administrative costs of entry and growth; regulation of bankruptcy; regulation of health, safety and environment and regulations of products and services; regulation of the labour market; social security and healthcare; the fiscal framework of income and inheritance and, finally, the fiscal framework of finance and business.

The importance of the regulatory framework is vital; from it entrepreneurs can gather the whole procedures and obligations to be met by them -both at the beginning of their activity as during its exercise - and it determines the promotion of entrepreneurship.

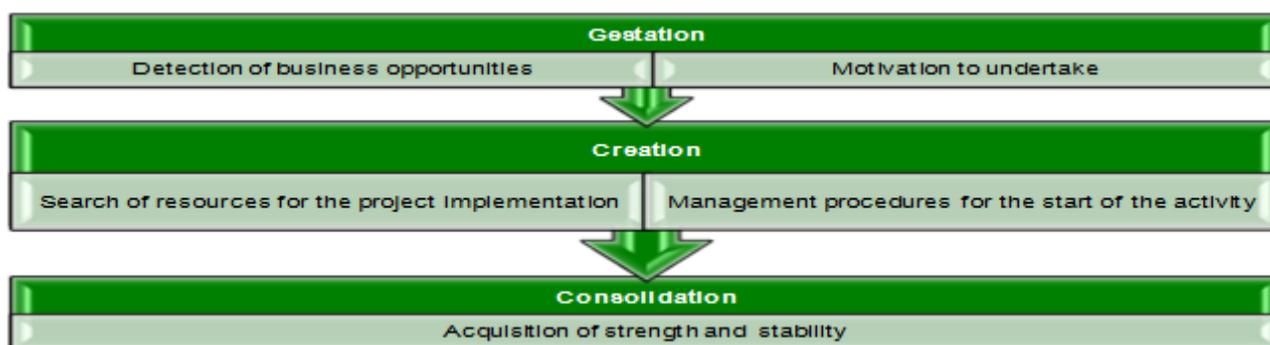
- V. **The market conditions and the conditions of the technological and innovative framework:** Among the market conditions affecting entrepreneurship we should emphasize economic development, globalization of business activity and the stage of technological development in the region. To these elements OECD adds others as the development of antitrust laws; the degree of competition from companies in the region; the patent system; access opportunities in the domestic market (barriers to entry and exit) or external market (international).

Moreover, it should be noted that the technological and innovative framework has an influence on the type of organization, business models, production processes, and even on how goods and services are designed, produced and sold. With a broad concept, it is adequate to mention that Schumpeter (1934) already classified entrepreneurs as innovative persons. However, we should keep in mind that there are two factors that determine innovation, people and the relationships that they establish among them, while the educational system lays the foundations for it and universities and institutions representing higher education offer knowledge, attract talent and investment and shape themselves as the ideal place for generating ideas.

1.3.2. The process of undertaking

Once determined the key factors, the Report focuses on the entrepreneurial process, i.e. the step from idea to production of goods or services provided in the project. The ways of research that describe the process experienced by entrepreneurs are different. In this Report it was decided to divide it into three phases: gestation, creation and consolidation.

FIGURE 3. Phases and main elements of the entrepreneurial process



Source: own elaboration.

- 1^a. The perception of business opportunities and motivation to undertake are the starting points of the first phase of entrepreneurship, **gestation**, which is certainly a phase highly influenced by individual factors and the social and family environment described above. A person will be encouraged to set up a new company if he/she detects that there are business opportunities that can be seized. But why and how some people detect them and not others is a highly debated question with responses ranging from personality traits, environment, personal experience, knowledge of the product and the market, risk taking or lack of fear of failure, among others. Once detected the opportunity, to advance in the process depends on the motivation of people to undertake the project, assuming risks in exchange for a future benefit. Motivation can come from different needs or desires or perceived or experienced situations, but again the academic debate catalogs determinants of motivation between the ones coming from the concerns of the individual and those who are conditioned by the environment.
- 2^a. **Creation** is more influenced by factors such as legal forms in business law, administrative procedures relative to the start of activity and access to financing. The transformation of ideas into action is not immediate but is marked by several achievements or activities to be carried out, being the main ones: 1) the choice of the legal form; 2) obtaining financial resources; 3) the composition of the team; 4) the development of a business plan; and 5) the processing and management of the startup activity. However, before entering into the constitution of the company itself, it is recommended to analyze first the feasibility of the business idea in order to structure and build what the project will be. With this objective it is necessary to have a clear set of elements, as aims, business model, economic planning and financing channels, sales market of goods or services, barriers to entry and exit, current and future competition, among others. These variables shall also be included, clearly and orderly, in the text that constitutes the business plan.

The choice of the legal form, of the way of obtaining financial resources or the composition of the team are crucial goals when creating an entrepreneurial project because of the impact they have both at the time of creation and in the project consolidation in the future. In general for any of these goals there is not a single model which is better than others, since it depends on the type of project to undertake.

But undoubtedly the critical point in the creation of the project is the beginning of the activity by the number of transactions and the cost and time that they require. In relationship to the opening of new businesses, Spain holds position 142 of the global *Doing Business rankings* (OECD 2014) of 189 economies, as it requires a cost of 4.7% of income per capita, an average of 10 legal and bureaucratic procedures to incorporate and register a new company and a period of 23 days for the opening of business. These circumstances move Spain away from countries with large capacity to undertake business, demonstrating that the degree of restriction when launching a project is very high. However, it is necessary to keep in mind that the procedure is affected by the State rules as well as by the autonomous and local level rules, which may lead, as explained in the detailed Plan for the Implementation of the Single Business Window of the Government of Catalonia (2011), to the fact that we identify about 600 different procedures (the number varies depending on the activity and the sector). However, today the trend and the will to promote entrepreneurship is leading to the implementation of measures aimed at streamlining, simplifying and improving procedures and advising entrepreneurs.

- 3^a. Determining the time of onset of the next phase, business **consolidation**, raises intense debate because not all studies analyse the same variables. Sometimes economic outcomes are associated with business survival, whereas other studies evaluate the level or growth of income and/or the time elapsed since the start of the project (up to 42 months average in the analysis of the GEM). Factors that promote the consolidation are not univocal, since the gear between strategies, features of entrepreneurs, determinants of the environment and of management policies generates many inputs which interact, so that it is difficult to establish a cause and effect.

However, research indicates that some elements positively influence consolidation or business success, such as a policy of cost control; to start from a larger size in the beginning; to have an unequal distribution of property; to encourage greater presence of women; to take advantage of the previous experience of the people who launch the project; to undertake in order to try and not for need and to develop business models based on innovation and human resources rather than on price, among others. Suffice to say that, among these factors, innovation is configured as the business strategy that ensures highly business consolidation and the probability of survival. Otherwise, the location of the company affects the corporate consolidation –since it can provide access to customers, suppliers, factors of production and services and to the boosting applied to the territory – as well as the desire for foreign internationalization.

1.3.3. Failure and its consequences

Unfortunately sometimes these factors are not sufficient to reach consolidation and business survival, and projects fail. The importance of failure in the entrepreneurial process and its impact remains evident in the *GEM Catalonia Report 2012*, which indicates that more than 60% of the entrepreneurs who launched their projects between 2009 and 2011 stated that they had not survived.

Yet the study of business failures presents some obstacles:

- The **concept** is not unambiguous because sometimes failure is related to business bankruptcy, characterized by the fact that it is not possible to deal with payments (final insolvency), while other options define it as the point at which business activity has been interrupted, which includes closures for personal reasons or sales with profit. To the conceptual difficulties we should add **attitudinal differences and perception**, since it is heavily influenced by cultural codes that act as factors that encourage or inhibit and condition their perception. For countries such as the US, failure is defined in the learning curve of the entrepreneurial process, while in the UK, Japan and Spain those who have failed are described as bankruptcy entrepreneurs, with the consequent stigma.
- The research aimed to establish a predictive model of business failure and its **determinants** does not offer a single answer; in most cases they are aimed at testing the information content of the financial statements as prediction items about future solvency. However, in the academic debate there is some compromise to extend the range of variables to be analyzed (the qualitative or macroeconomic ones, accrual principle of Government - company management, etc.)
- The **causes** of failure are equally diverse, although a broad categorization distinguishes between the ones associated to problems of: 1) the product/good or service and the market; 2) management; 3) human resources; 4) financial; or 5) associated with the role of Government and the environment. However, the main reasons that cause the abandonment of projects, according to entrepreneurs in the *GEM Catalonia Report 2012* are: lack of profitability (which absorbs 55.2% of responses); other reasons (which accounts for 26.8%), although it

include a wide variety of causes, which makes it difficult, as does the lack of specific studies on the subject, the analysis of the real reasons of business closures; and, thirdly, funding difficulties (6.6%).

Among the immediate **consequences** of business failure there is the entrance to the insolvency proceedings ultimately regulated by Spanish law by Law 8/2003, on insolvency reform, and the Law 22/2003, on bankruptcy. The procedure is called bankruptcy (meeting of creditors) and it can be solved in two ways: the agreement considered by the legislature as the solution of normal competition, and settlement. The most characteristic features of the application of insolvency proceedings in Spain are that mostly they are voluntary; that the social acceptance of the process is negative; that it produces a suspension of loans granted, but not of the secured loans or wage credits; that the settlement of the enterprise is the primary result and that, in comparison with other countries, in Spain little use is made of the procedure. Law 14/2013, on support for entrepreneurs and their internationalization, introduces a new item to the Law 22/2003, on bankruptcy, with the intention of negotiating a mechanism to regulate extrajudicial debts of those entrepreneurs, whether natural or legal persons, for ensuring that failure does not cause impoverishment. Among the possibilities for negotiating debts stipulated in the Law, there are settlement covenants for a maximum of 25% of the credits and a moratorium on the waiting time of up to 3 years.

Other impacts of the closures of business focus, in a personal and financial way, on entrepreneurs, developers or workers of these projects or on his family, on the affected customers and suppliers and, in the economic aspect, on the loss in the collections of the State, the competitiveness of companies and the business environment, among others.

To restart after a business failure is not an easy task, although research on the subject shows that, as a rule, people are more successful the second time that a project is started. On this occasion two problems are added to the aforementioned obstacles to opening a business: the stigma of failure and lack of release of liability of the debtor (what in the Anglo-Saxon countries is called fresh start). The stigma of failure is present in the business environment, the legal framework and in the European social and cultural behaviour, although there are some differences between countries; because of this reason since 2001 the European Commission confirms the need for new policy to address the problem of companies in crisis, the negative effects of bankruptcy and to support the restarting process.

In Spain, the analysis shows the need to improve the payment procedures in an attempt to arrive at measures pending release of liability of the debtor to modify the cultural perception and the failure to clearly differentiate between fraudulent bankruptcy and the ones that are not. The release of liability of the debtor is a practical application in neighbouring countries (USA, France, UK and Germany) while in Spain the execution on the debtor's assets, who sometimes responds with their own personal assets, leads him -if he cannot pay- to an unfinished procedural situation, since he waits to have better fortune and then settle outstanding debts in full. Moreover, the failure to distinguish socially between fraudulent failures and the ones that are not causes that, in order to avoid the consequent stigmatization, sometimes there is a delay in the recognition of the problem, the application of remedial actions (such as court settlements that could solve the problem) or in the declaration of bankruptcy, which are events leading to situations with no other exit than settlement.

1.4. Entrepreneurial education

1.4.1. Entrepreneurship and education

Europe faces a set of powerful socio-economic challenges arising from the development of capitalism and globalization of the economy, which can also be dealt with through education, innovation and entrepreneurship. There is no univocal definition of entrepreneurial education, but there is increasing recognition about the individual, social and economic benefits derived from "large" definitions of entrepreneurial education related to people's qualification to transform ideas into action.

In this sense, it is usual to distinguish between entrepreneurial skills (eg personal initiative, proactivity, autonomy, perseverance, proactiveness, innovation, teamwork, risk tolerance, communication, etc.) and the necessary expertise to start and develop entrepreneurship (eg, economics, finance, management and planning, labour market, business, regulatory framework, etc.). At least part of the entrepreneurial skills can be taught and it is possible to provide cross-training in relationship to all pupils; at the same time, technical skills may be taught within the optional schemes, depending on the personal and professional interests of students.

Progress in the field of entrepreneurship education in Europe are varied. Only a minority of countries have developed coordinated strategies based on a framework previously defined with objectives and specific indicators. Entre-

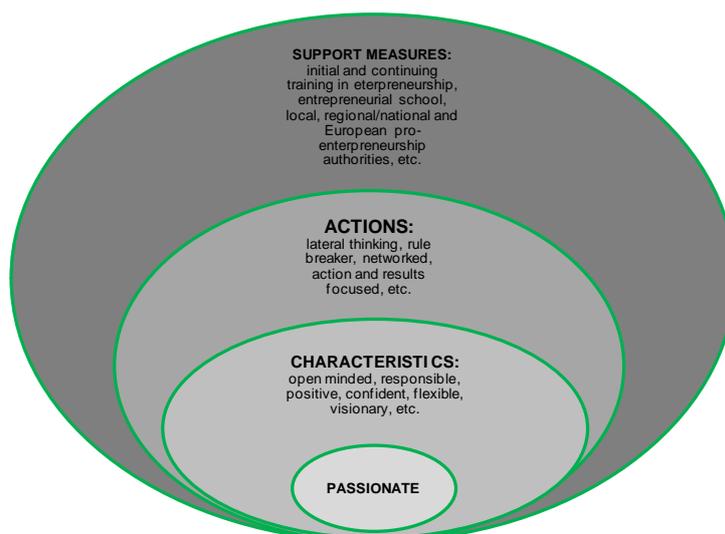
preneurship education still at present is developed largely "bottom-up", on the basis of the initiative of teachers and schools.

In order that the entrepreneurial education becomes a reality in Europe, it is essential to understand the schools, the educational community, the local community and the stakeholders at a regional, national and European scale as interrelated parts of the same system. From this perspective, entrepreneurship is an intrinsic and structural characteristic of schools so that all students should have the same opportunities to develop entrepreneurial skills.

The impact of entrepreneurship education on people is not without debate, quite the opposite. There is a gap of empirical evidence around this issue. Several studies have shown the existence of a relationship between entrepreneurial education and the need for personal growth through the generation of an internal focus of control. In any case, it is not possible to take for granted that everything that comes under the rubric of entrepreneurial education will have beneficial effects. The ability of entrepreneurship education programmes to get positive results depends on the quality and suitability of programmes.

In this regard, the teacher should be considered as a key agent in the development of entrepreneurship education. Unfortunately, the entrepreneurship education almost never is part of the initial training programmes or continuing teacher training.

FIGURE 4. The undertaking teachers. Characteristics, actions and support measures



Source: own elaboration from CE (2011, p. 8).

The level of development of entrepreneurship education in initial teacher training programmes varies considerably depending on the member states of the EU. In most countries, training in entrepreneurship is listed as a priority, but in practice there are not enough approaches consistent with this positioning.

Continuing education for teachers is becoming a key for the development of entrepreneurship education, but its specificity also varies from one country to another: in some member states of the EU is a professional obligation; in others it is optional, but necessary for the promotion (e.g. Spain), while in some countries it is completely optional. The training of teachers in entrepreneurship could be used within the school as an opportunity to further the process through which schools seek to become entrepreneurs institutions.

1.4.2. Entrepreneurial education according to the educational level⁶

Primary education⁷

As for primary education, the available data show that approximately two-thirds of European countries (or regions within European countries) take into consideration explicitly entrepreneurial education in their strategic documents and/or plans of action and at the same time, they make a cross-curricular inclusion.

This is the case of Spain and Catalonia, where entrepreneurial education in primary education is not divided by contents or specific subjects, but it is part of the horizontal values and skills developed through all subjects and of learning activities.

Compulsory secondary education⁸

In regard to secondary education, explicit references to the entrepreneurial education in strategic documents and/or action plans are very common, much more than in the case of primary education. The cross-curricular approaches to the world of entrepreneurship are so widespread as additions through specific subjects, and in most countries both models coexist, as happens in Spain and Catalonia.

The Government of Catalonia approved in November 2011 the Plan Catalonia, School of entrepreneurs, which aims to promote entrepreneurial education at all educational levels (kindergarten and primary, secondary, vocational and high school) through a series of measures. Specifically, with respect to the secondary stage, the Government introduced an elective course in career guidance and entrepreneurship to the second cycle of ESO.

Post-compulsory secondary education⁹

All European countries make explicit references to the entrepreneurial education in strategic documents and/or action plans relating to high school education levels. The cross-curricular approach is as widespread as secondary education. The most notable is the large number of European countries where there is a combination of models of integration: cross-curricular and inclusion in elective courses (e.g. Spain and Catalonia) or in compulsory courses, depending on each case.

Initial vocational training¹⁰

Specifically with regard to initial vocational training, entrepreneurship education is particularly relevant, given the specific orientation of the training towards the inclusion of students in the workplace. The entrepreneurial education is already explicitly included in the State curricula of most European countries. In some EU member states such as Spain, Estonia and Poland entrepreneurial education is compulsory at this level of education.

However, the EC reports that, in general terms, entrepreneurship is not included across many learning activities; participation of students is limited; teaching methods are not efficient; the practical element of entrepreneurial education is relatively absent; teachers are not entirely competent in this field and/or entrepreneurs and businesses are not sufficiently involved in entrepreneurial education.

⁶ Division of subsection following educational levels has been based on the availability and ordering of the information that is published in the secondary sources. For this reason there is a section ("Post-compulsory secondary education") comprising mainly high school and the training cycles of intermediate degree, on the one side, a section ("Initial training") that basically includes vocational training of intermediate level (corresponding to the post-compulsory secondary education) and vocational training of higher degree (corresponding to non-university post-compulsory education), and a section on "University Studies".

⁷ Publications of the EC use the classification system ISCED when referring to different levels of education from an international comparative perspective. For practical reasons related to the understanding of the text, in this Report the ISCED taxonomy is translated following the educational levels corresponding to the Catalan educational system. Under the label "Primary education" reference is made to ISCED level 1, which considers the following main categories of education: primary compulsory education (6 to 11 years as a theoretical age).

⁸ Under the label "Compulsory secondary education" reference is made to ISCED level 2, which considers the following main educational category: Compulsory secondary education (ESO, 12 to 16 years as a theoretical age).

⁹ Under the label "Post-compulsory secondary education" reference is made to ISCED level 3, which considers the following main categories of education: high school, training cycles of intermediate degree in vocational training, training cycles of intermediate degree in arts and design, intermediate sports education, Initial Vocational Qualification Programs (PQPI) and test preparation course for gaining access to the high-degree training cycles.

¹⁰ Under the label "Initial training" of this section reference is made to the vocational training provided in the formal education system corresponding to ISCED level 3 (post-compulsory secondary education, namely: training cycles of vocational training of intermediate degree, training cycles of intermediate degree in art and design, middle grade sports education, Initial Vocational Qualification Programs (PCPI) and test preparation course for access to higher vocational training) and ISCED 4 (non-university post-secondary education: high grade training cycles of vocational training; top grade vocational training in arts and design and top grade sports education).

University studies¹¹

The Bologna process can be a catalyst towards the development of entrepreneurship education at the university level. The demand for entrepreneurial education in university is a growing trend in Europe, but it shows a lack of technical, human and financial resources, that has historically positioned the Old Continent below the United States in areas such as experience, focus on the growing institutionalization of entrepreneurship at the university, multidisciplinary learning, and in the links between the academic world and business.

- For OECD entrepreneurship education is not sufficiently integrated into the strategic documents and/or action plans, nor in the whole process of teaching and learning in universities: entrepreneurship education is normally offered as an option and is not present in many departments. It also highlights the lack of a critical mass of teachers who are expert in entrepreneurship in many European universities.
- Regarding funding, the majority of public programmes aimed at fostering entrepreneurship education and university entrepreneurship in the EU start working after the need has been expressed and they end before having generated the necessary impact.
- Regarding the collaboration between disciplines and/or university departments, it is found that the internal organization and institutional structures impede the development of university curricula with flexible and interdisciplinary approaches, as well as mobility by teachers and students.
- Finally, regarding the creation of spin-offs in the scientific and technological institutions, it is clear that European universities provide very high quality training in the field of engineering, technology and science, but instead the commercialization of R & D is in its infancy. Efforts made by the Spanish university in relationship to entrepreneurship based on this knowledge transfer should be noted. As recognized by the EC, many institutions have developed programmes for screening and recruiting entrepreneurs with parallel structures to support the development of ideas into viable businesses since 2008.

Vocational training for employment¹²

Vocational training for employment has experienced over the past few years a change of focus in favor of focusing on entrepreneurial education centered in the creation of enterprises and self-employment. In Spain, vocational training for employment under the Ministry of Employment and Social Security is part of the Spanish Employment Strategy 2012-2014 (EEE), which defines benchmarks for actions regarding employment policies (PAO).

On the basis of the EEE, the Employment Service of Catalonia (SOC) develops the Catalonia General Occupation Plan - Catalan Strategy for Employment 2012-2020 and articulates a set of actions that include all phases in the process of business creation in collaboration with the Occupational Network integrated by local entities, employment offices and centers of innovation and training. Also, we should mention the existence of programmes to promote entrepreneurship from local and autonomous organizations in the field of local development, as well as the existence of programmes and initiatives aimed at people who want to start their business, but do not depend directly on the Administration.

1.5. Entrepreneurship policies

The promotion and support of entrepreneurship has received both public and private attention in recent years, and with more intensity as a result of the lengthening of the financial and economic crisis and its effects on employment, since in some cases we have seen entrepreneurship as a solution to socio-economic problems of the country. As a result, it has been generating facilities and services of all kinds, from both public authorities and the private sector. The Observatory for SME (2010) highlighted the fragmentation of initiatives and there a few recurring services offered by most agencies and organizations. On the other hand, it has been noted that the initiatives are focused on the general public and, at best, activities to support high technology projects and innovative component can be differentiated.

According to the review of the literature, we can conclude that measures to support entrepreneurship focus on the stage of creation of the company, while the consolidation phase traditionally has had less attention, although sup-

¹¹ Under the label "University studies" reference is made to ISCED levels 4 and 5, which consider the following main categories of education: undergraduate college education (college education first, second and third degree, master officer) and second cycle higher education (leading to an advanced research qualification).

¹² This section was prepared by Ana Punyet, BCN Training Foundation, and focuses on the description of the relationship between vocational training for employment and entrepreneurship in Catalonia.

port at this stage is very necessary to prevent the closure of large companies in their first years of operation. Also, measures to promote entrepreneurial culture have had not so much weight as those for people who have already made the decision to start a business, a situation that does not reflect the reality of Catalonia, where there is still a strong entrepreneurial culture.

The need to promote and support entrepreneurship stalled intensely in the European institutions. 2008 they adopted the Small Business Act (SBA), which provides a political framework of reference for small and medium enterprises in the European Union and is based on the principle "think small first ". In January 2013, the Commission adopted the Action Plan on Entrepreneurship in 2020 to promote entrepreneurship in Europe. At the state level , reference should be made to the approval in September 2013 of the Law on support for entrepreneurs and their internationalization, establishing measures to promote a culture of entrepreneurship and facilitate the start of the business, and tax incentives regarding Social Security funding and support measures to facilitate the growth and development of business projects, as well as its internationalization. Moreover, the Generalitat seeks to boost the Programme Catalonia Undertakes, to simplify the creation of enterprises and accompany them, to remove structural barriers, and encourage entrepreneurship as well as the restart and facilitate the connection between entrepreneurs and investors.

1.5.1. Promoting entrepreneurial culture

Measures to promote entrepreneurial culture included in this section are aimed at stimulating entrepreneurship, promoting social recognition and support to the entrepreneurial activity and at combating the "stigma of failure" related to a failed business experience.

Measures to promote entrepreneurship are the ones aimed to stimulate private initiative in the creation of new enterprises. They are located in the early stages of the chain of entrepreneurship and can influence on the one hand, the decision to undertake and, on the other, the gestation of the idea. Measures to promote recognition and social support of entrepreneurial activity are designed to add value to entrepreneurship between people. Finally, measures to combat the "stigma of failure" are aimed at changing the perception of entrepreneurs themselves and the public opinion in relationship to a failed business experience.

TABLE 2. Measures to promote entrepreneurial culture

Measures to promote entrepreneurship	Measures aimed to undertake decision	1. Campaigns to spread entrepreneurship
		2. Cases of success
		3. Interviews and analysis of business experiences
		4. Test of entrepreneurial attitudes
		5. Workshops for creativity and generation of ideas
		6. Bags of ideas and supply and demand boards
		7. Publications
Measures aimed to the gestation of the idea	1. Instruments to an analysis about the project feasibility	
	2. Workshops to achieve skills and tools	

	<ol style="list-style-type: none"> 3. Instruments to detect business opportunities 4. Market research 5. Conferences and sectorial reports 6. Workshops of technological surveillance and competitive smart-fit
Measures to promote the recognition and social support of entrepreneurship	<ol style="list-style-type: none"> 1. Awards and contests of ideas and projects 2. Campaigns in newspapers, television, radio, 2.0 environments or by editing materials (brochures, videos, books, etc..)
4.1.3. Measures aimed at reducing the "stigma of failure"	<ol style="list-style-type: none"> 1. Information campaigns 2. Measures to reduce consequences of "failure."

Source: own elaboration.

This section is closed by a compilation of active measures in Catalonia in 2013. This list, repeated throughout Chapter 6, includes aids for the initial phases of activity and for the later stages of consolidation and growth. The territorial scope of the aids is all Catalonia and we have collected only those measures having none or low cost to its receivers, since the promoter entity must be a public or nonprofit entity.

1.5.2. Promoting entrepreneurship

Measures of entrepreneurial activity included in this section are intended to facilitate the creation, consolidation and growth of entrepreneurial projects, as well as those enabling entrepreneurs to resume a professional experience after bankruptcy. There are concrete references to the measures giving specific support to entrepreneurship in the field of technological innovation and social entrepreneurship, which can be included in any of the general categories of classification used in this section, according to the following figure:

TABLE 3. Measures to promote entrepreneurship

Measures to facilitate access to entrepreneurial activity and its exercise for administrative simplification	1. Administrative simplification
	2. Information, advice and technical support
	3. Measures in tax, labour and Social Security
	4. Talent attraction

Measures to support entrepreneurship financing	<ol style="list-style-type: none"> 1. Bank loans 2. Financing with public support 3. Angel investors 4. Venture capital 5. Other (unemployment capitalization and crowdfunding)
Measures to restart	<ol style="list-style-type: none"> 1. Measures in the insolvency field and support to companies in difficulties 2. Support for a new beginning 3. Support for the business transmission
Measures to support entrepreneurship in the field of technological innovation	Specific measures. They may be included in any of the general categories of classification
Measures to support social entrepreneurship	Specific measures. They may be included in any of the general categories of classification

Source: own elaboration.

1.6. Considerations and recommendations

The CTESC, through this Report, aims to highlight a number of considerations and recommendations to the Government of Catalonia, in order to advise it in shaping public action in the field of entrepreneurship.

The CTESC is aware that some of the recommendations affect matters which fall outside the competence of the Government, but considers that this is not an impediment to draw them up, given the Government's ability to negotiate with other administrations the possibility of its implementation, as well as its influence on the development of new initiatives incorporating the spirit of the proposals in this document.

What do we mean by entrepreneurship?

The Report is based on the operational definition of the *Global Entrepreneurship Monitor* (GEM) project whereby an entrepreneurial initiative is "one business or business activity, including self-employment, which is launched in any sector not exceeding 42 months life". This definition is based on the result of the initiative or of the entrepreneurial attitude without distinguishing the legal form, and explicitly includes self-employment option for many entrepreneurs (individual and collective ones) to start an activity in our country.

We should keep in mind that in the concept of entrepreneurship coexist various types of business initiatives with a highly differentiated economic and social impact. It is important not to confuse or globalize realities which are very

different, as people undertaking by chance and people who do out of necessity, either because they are unemployed or in response to a change in the employment relationship becoming commercial.

The Report also includes the definition of "sense of initiative and entrepreneurship" in the Recommendation on key competences for lifelong learning, from the European Parliament and the Council, understood as the "ability of a person to turn ideas into acts "; this is linked to the concept of what should be an entrepreneurial education, widely analyzed in the Report, and reflects the importance that the CTESC gives to training.

This concept is related to "creativity, innovation, risk taking and the ability to plan and manage projects in order to achieve objectives." It is therefore a transversal ability whether it is applied to finish the creation, consolidation and growth of the own business. These skills are also basic to the entrepreneur who reinvents his/her business to keep it, because he/she transforms ideas into action.

However, it is necessary to keep in mind that the concept of entrepreneur cannot simply be synonymous with employer, since we should acknowledge that people who work for others also may have an entrepreneurial attitude.

The entrepreneur profile in Catalonia

As noted in the Report, the profile of the entrepreneur in Catalonia is a man, 40 years old on average, of Spanish nationality, self-employed without employees, with medium-high level of education (post-compulsory secondary education or university), who operates mainly in the service sector. The data show that this profile is becoming more qualified in time: there is a growing weight of emerging entrepreneurs with post-compulsory secondary education and higher education. Also, according to the latest data from the *GEM Catalonia Report 2012*, the company profile tends to be increasingly innovative and technology-intensive.

About the plurality of sources to measure entrepreneurship and taking into account the strengths and weaknesses of each one, we can highlight the indicator compiled by the GEM, as it allows international comparison in more than 80 countries participating in this project. Thus, in recent years, a growth of entrepreneurship in Catalonia is detected, with a rate of 7.88% entrepreneurial activity in 2013, but still below 2007, when it was 8.39%. Moreover, it should be noted that while business creation is higher than in recent years, more businesses are being destroyed, a situation we should pay attention to in order to analyze its reasons, which should have repercussions on the Government action in this area.

It is remarkable that despite the current economic context, which highlights the high level of unemployment, opportunity entrepreneurship is higher than necessity entrepreneurship, although the latter grew strongly in 2011 and 2012. The data also show that most entrepreneurs have no employees, and those having them descended more intensively, leading to an accentuation on the entrepreneurship atomization. Finally, the CTESC highlights that data seem to indicate some improvement in the perception and recognition of the social entrepreneur.

Key factors influencing entrepreneurship

The first and most obvious factor is the one related to the **entrepreneurs**. There are personality traits, skills, and abilities which favour the decision to undertake such as the motivation to achieve a goal, autonomy, openness, risk appetite, esteem and adaptability, among others. All these characteristics are interrelated with those acquired in the socialization process, where the focus is on the influence of the environment, which highlights the role of training, family and close social relationships.

A second factor is the **business and entrepreneurial culture** or, put another way, the importance of social context where entrepreneurial behaviours are stimulated. At this point, experts confirm that in Spain the social and cultural norms are not perceived as appropriate to promote the acquisition of entrepreneurial values in the population. Still is pending to promote clearly and forcefully prestige and social recognition of entrepreneurs, a lower risk and failure aversion -to avoid stigmatization- and, ultimately, to stimulate creativity and innovation.

However, a differential fact of Catalan society over the last few centuries has been its dynamism and entrepreneurship. This tradition continues pervasive in many sectors of our society and to stimulate and expand it can have very positive effects.

Given these considerations, the CTESC recommends...

1. To find a new relationship between Public Administration and businesses based on trust and loyalty and therefore, change the discourse of control and penalty by another one based on help and collaboration or

mutual collaboration, in order to create a culture conducive to entrepreneurship while providing a public quality service adapted to the needs of the territory.

2. To keep on working in order to promote entrepreneurship revalorization actions between citizenship to attract talent and transform ideas.

Access to finance is the third factor, an essential element in entrepreneurial activity in all stages. Especially evident is its influence on the development phase but it can also be a key obstacle to consolidate and expand businesses.

Economic resources are obtained through two funding streams: own resources (savings or personal loans from family or friends) and external resources (official or private loans of limited duration and payment of interests or alternative pathways as angel investors or capital risk in later stages).

Self-financing is widely used in the creation of small businesses and especially in cases of self-employment. Thus, in Catalonia entrepreneurs provide, on average, two-thirds of the capital needed to create a business and a 25% of them finance themselves 100%.

In terms of external financing in the current context of severe economic crisis, the banking sector is acting with very restrictive lending. Regardless of the crisis, the CPAC (Private Foundation for the Promotion of Self-Employment in Catalonia) confirms that funding for entrepreneurs and microenterprises is unattractive for banks, since it involves transaction costs which are very similar to larger operations and very small profit margins are obtained; in addition, the risks outweigh operations representing medium and large businesses. Also, the protocols make lengthen excessively the process of assessing the feasibility of business plans.

Alternative financing systems can be the key to avoid these restrictions. In this line, other forms of financing that in many cases have a clear scope for growth should be enhanced, such as venture capital, angel investors, ethical banking, financial services cooperatives or *crowdfunding*.

It is also highly recommended that the Administration bet on the establishment of financing mechanisms for starting and growing businesses. The subsidy instrument seems more suitable in the field of projects with a very high research and innovation component, since it often becomes the only way to finance such projects, given the high amount of investment to achieve them. Remarkable is the Canadian experience which is mentioned in the Report, the *Seed Capital Connexion Programme for Young Entrepreneurs*, which stands offering personal loans up to \$ 15,000 without guarantee to return in beneficial conditions, among other measures.

In this context, the CTESC recommends...

3. To ensure that financing reaches the productive economy, so it is necessary to build a Catalan system of microcredits and microfinance, not only for the early activity but also for the growth and consolidation of the economic activities.
4. Productive investment should be encouraged with fiscal stimuli, much more favourable than the financial investment.
5. It is considered necessary to promote an attractive taxation for alternative financing systems. In this sense CTESC proposes:
 - To increase up to 150,000 euros per year investing in new companies in which to apply the deduction of 20% in the State personal income tax comprised in Law 14/2013, on support for entrepreneurs.
 - A deduction for investment on entrepreneurial projects should be applied, also in self-employed work projects
 - The tax regime applicable to the angel investors should be similar to the one of venture capitalists.
 - In the corporate tax duty the deduction for benefits reinvestment on the company itself should be extended to other types of investment since, according to Law 14/2013, on support for entrepreneurs, this deduction is limited to investment in new tangible fixed assets and real estate investments linked to the economic activity.

6. In practice, capitalization of unemployment has become one of the main sources to facilitate the necessary financing to launch new entrepreneurial projects. But in general and while this Report was made, the rule establishes a limitation about the maximum amount to receive at 60%, although there is an enlargement until 100% for men under 30 years old and women under 35 years old. The CTESC believes that if investment is justified as necessary to start the activity, the amount to perceive should be 100% in all cases. Given the lack of competences of the Generalitat in the configuration of this right, the CTESC proposes that additional assistance is provided up to 100% when all the unemployment payment is capitalized, as is done in the Basque Country.
7. Formulas allowing to make compatible the perception of unemployment payment with self-employment are good. For this reason, it is considered that the current measure set for the group of people under 30 years old, without workers in charge and with a maximum of 270 days, should be extended to all people wishing to undertake an activity on their own.
8. Public aid must be very results-oriented, so that public resources could be used more intensively on projects which have better expectations on creation of wealth and employment.

A fourth factor is the **legal and regulatory framework**. Here the regulation of bankruptcy has a meaningful importance; also security, health and the environment; the regulation of products and services; labour market; social security and health; the fiscal framework of income and inheritances, and finally, the financial and business framework. The Report incorporates two French experiences: on the one side, the legal special autoentrepreneurship regime and, on the other, activity and employment cooperatives.

There is no doubt that the regulatory framework is particularly important in the onset of activity, given that in its first phase of life small businesses are often weak and need support and protection in order to compete effectively in the market. Legislation often focuses on the needs and requirements due to large companies but not on small ones, and they are the majority in Catalonia, since on January, the 1st, 2013, 99.7% of companies with activity in the territory are SME and 54.7% of them are self-employed people without employees (Idescat from DIRCE, 2013). This fact favours the main perception of entrepreneurs that the Administration is a hindrance and not a support.

For these reasons the CTESC recommends...

9. Although there are some improvements implemented, we must lower the costs of starting up an economic activity. In this sense, the CTESC proposes:
 - Enable a tax exemption for the first year of activity.
 - Set bonuses to Social Security contributions of entrepreneurs until they have incomes.
 - Establish a moratorium on the first two years of municipal licenses as is done in France.
10. Design a new contribution system to Social Security for self-employed people (individuals) as for cooperatives, involving payment of taxes related to real economic activity gains.
11. Speed up the regulation development of RETA part-time contribution.
12. Although the measure provided in Law 14/2013, on support for entrepreneurs, about the special system for the cash VAT can be positive, the CTESC fears that its complexity allows very few companies to choose this way and therefore its use will be minimum. Consequently, we must work to find more efficient new formulas so that VAT management does not involve an economic burden or excessive management for entrepreneurs.
13. To facilitate compliance with the legal and regulatory framework it is necessary for the Administration to establish mechanisms to do it more accessible and understandable.
14. It is necessary to legislate or, alternatively, adjust the rules depending on the vast majority of the business: SME, micro enterprises and self-employed people. We must facilitate participatory processes of micro enterprises and SME when reviewing legislation affecting them. In this line we may take note of the measures of the *Small Business Act* that anticipates the principle *think small first*.

15. We must introduce social protection mechanisms to facilitate the transition of working people towards entrepreneurship, given that the current framework of social protection, unlike other models such as the Austrian, do not encourage enough these transitions.
16. Social entrepreneurship should not be subject to the global political entrepreneurship support, but a legal framework should be established for specific collective projects with the aim to facilitate social activity.

Finally, as a fifth factor, we must take into account **market conditions and the technological and innovative framework**. Here elements such as economic development, globalization of entrepreneurship and the innovative and technology framework are highlighted.

It is important to remember that innovation is necessary in all projects, not only in technology, but unfortunately it is not commonly found in many entrepreneurial projects started in our country.

However, Catalonia is equipped with business structures and generation of knowledge (universities, technology parks, research centers) of first order that should promote technology transfer and the development of entrepreneurial initiatives in sectors with high added value.

Internationalization is the key to promote the consolidation of most business strategies. In the case of the ones highly oriented to the local market or working with nearby products, internationalization should be understood as a way to foster innovation and creativity with the knowledge of other experiences.

In this area the CTESC recommends...

17. We must encourage the university third mission, i.e., transfer of technology and knowledge in the economic and social environment. Specifically, the improvement margins located in science push transfer modalities should be exploited: economic coverage of transfer offices during the "concept proof", the way from knowledge to industrial property, patents generation and the capital-risk availability for the spin-off growth.
18. We must promote contact between universities and companies (especially micro, small and medium enterprises) to facilitate a better fit between the needs of the productive sector, the reality of the territory and the university activity and research, both in the field of professional education and of knowledge transfer.

Entrepreneurship process

The process of undertaking is understood as the transition from idea to production of goods or services viewed in the project. The Report differences three distinct stages in this process:

- a. The **gestation of the idea and the project**, an early stage of the cycle comprising the perception of business opportunities and the motivation to undertake.
- b. **The creation of an entrepreneurial project**. The transformation of the idea to acts is marked by several milestones, being the most relevant the choice of the juridical form, the attainment of financial resources, the type-setting of the team, the elaboration of the business plan and the processing and management on the start of the activity.

In Spain the number of procedures and obligations that entrepreneurs must meet either at the beginning of the activity or during its exercise, is very high. In the *Doing Business 2014* OECD Report, among the 189 economies analyzed, Spain occupies the 52nd position of the economies, by the ease of starting a business, far away from countries like Singapore, Hong Kong, New Zealand, United States and Denmark, which occupy the five top of the ranking. Indeed, in the specific area of business start, Spain is at the tail of the ranking, at position 142.

Empirical evidence shows that the number of procedures required to start projects have a negative impact on the creation of new businesses.

Entrepreneurship is affected by the procedures to be performed with the three government branches (national, autonomous and local ones), which implies that the deadlines can be extended and criteria between them can be different. In recent years, various governments have promoted programmes to reduce these procedures, but it is still necessary to move forward in the administrative simplification understood holistically and from the whole set of Government.

The Report stresses that the time required to obtain a municipal license to start a business delays the onset of local economic activity and generates significant economic injury, given the fixed costs, regardless the starting date. Anyway, it must be said that attempts have been made to solve this specific problem with the regulation of the "license-express".

We cannot ignore either that the whole process has been improved and currently there are multiple counseling services, as well as the support of the enterprise attention points (PAE) in the processing and management related to documents, and it is usual to obtain the license as self-employed person within 24 hours, even though the legal constitution can be extended an average of 15 days, given the need to enroll in the Commercial Register.

Furthermore, the Report highlights the importance of developing the business plan, which largely sets the success of the project. And special mention has been also made to the human team, especially conditioned by the current context of changes in technology and market trends. This is precisely why there is a need for a well structured and multidisciplinary team -provided that it is not a self-employment initiative- so that it becomes competitive.

In this area the CTESC has the following recommendations:

19. Regarding the procedures related to the start of the activity at the local level, it is recommended to harmonize and streamline the procedures for municipal licenses so that they do not involve excessive expenses when they have not yet generated revenue and unnecessary delay in the opening of business.

20. Moreover, it is necessary to accelerate the process of administrative simplification in industry regulations, both in autonomous and local levels, replacing the system of licensing and administrative license by the responsible reporting and prior communication when possible, in accordance with the general regulation of these systems, providing necessary verification and inspection mechanisms.

21. We should be betting on a true one-stop window with a single file for every initiative to serve the entire project life cycle, as it is planned in the Single Business Window (FUE).

22. The one-stop window, besides being virtual and/or allowing physical visits, will incorporate a 012 type telephone service to address specific inquiries from entrepreneurs and business people.

23. We must continue to promote the work of incubators, which greatly facilitate the promotion of new projects.

24. It is necessary to encourage the role of consolidated enterprises on the support for establishing new business initiatives through incubation programmes, as acceleration or investment companies to complement its corporate strategy.

25. Regarding team settings, the measures facilitating the entry and residence in Spain of highly qualified professionals from countries outside the EU, as provided by Law 14/2013, on support for entrepreneurs and its internationalization, are well valued. However, certain indeterminacy in the access criteria of the norm is detected and for this reason the CTESC considers that the assumptions should be clearly specified.

c. **Corporate consolidation** occurs when the project takes strength and stability. Indeed, there are a number of factors that positively influence the consolidation or business success: applying a policy of cost control; starting from a larger size; to have an unequal distribution of property; a greater presence of women in the work team; to take advantage of the previous experience of people who start the project; to undertake by opportunity, not necessity and to develop business models based on innovation and human resources rather than on price.

Research confirms that it is harder to grow a company than to create it. Thus, many companies do not reach the stage of consolidation and projects fail. The importance of failure in the entrepreneurial process is found in the *GEM Catalonia Report 2012*, which indicates that more than 60% of entrepreneurs who started projects between 2009 and 2011 have not survived. The most cited reasons are lack of profitability and financing difficulties.

In the economic sphere, among the immediate consequences of business failure is entering the final insolvency procedure, a process with many negative charges which often ends with the business liquidation, and affects very significantly the present and future assets of the entrepreneur and his/her family.

In this regard, the British procedure regulating the meeting of creditors (bankruptcy) must be stressed; if the situation is not fraudulent, it can be extended up to one year, after which the discharge occurs, which releases the bankrupt person of most of his debts. The situation of discharge permits to borrow money or exercise a business

activity without the restrictions of bankruptcy. The insolvency procedure should also be analyzed under Chapter 11 of the US Bankruptcy Act (Chapter 11 of Bankruptcy Abuse Prevention and Consumer Protection Act) that facilitates the reorganization of companies so they do not necessarily have to be dissolved or disappear.

Among the personal repercussions of abandonment and/or closure of business we must include reemployment difficulties of former entrepreneurs, which are around 25% of all people who have failed, as the Report points out. In the labour market, to have been an entrepreneur is not seen as an attractive skill or an added value, but, on the contrary, it has negative values, especially if the project failed. So, as the *GEM Catalonia Report 2012* concludes "entrepreneurship represents for many a dead end market, forcing them in some form to enter in processes of entrepreneurial spiral (entrepreneurial reiteration) or being unemployed."

Otherwise, the stigma of failure and widespread inability to get free from the debtor's liability make re-entrepreneurship not an easy task, although failure facilitates greater chance of success with a new entrepreneurial experience.

For all these reasons, in our environment, the overall cost of business failure is extremely high and, consequently, the degree of responsibility assumed by entrepreneurs is also very high.

Given these considerations, the CTESC recommends...

26. We must improve the cooperation and the creation of synergies between the new companies created focusing on self-employment (either individually or collectively) to ensure its viability and long-term growth.
27. We should be empowering accelerators, since they provide the necessary steps to take a leap into the growth and internationalization of consolidated entrepreneurial initiatives or the ones which are in process of consolidation.
28. We should combat the negative social perception of failure in business, which hampers the entrepreneur and businessman. We have to add value to learning gained from the experience and the knowledge derived from the analysis of the failure itself and the possible solutions to overcome bankruptcy.
29. We have to find strategies to protect the entrepreneur from a possible failure. Measures that theoretically seek this purpose as the one related to the limited responsibility of entrepreneur, included in Law 14/2003, on support for entrepreneurs, are inefficient, since -as indicated by the Spanish CES-, individual entrepreneurs are often forced to use their primary residence as credit guarantee when they start the activity and therefore this legal figure does not protect them. We must move forward in the final separation of personal and family assets from the professional ones, primarily in the case of self-employment and microenterprise.
30. We have to ensure compliance with Law 15/2010, 5th of July, amending Law 3/2004 of 29 December, on measures to combat late payment in commercial transactions.
31. It is necessary to regulate the payment compensation of the companies' debts with the autonomous Administration with credits that they can have recognized in administrative acts, from taxes or other origin, similar to other regions, as the Valencian region, La Rioja and Murcia. This compensation could be done through a "tax current account", as proposed by the Advisory Council for Economic Recovery and Growth (CAREC).
32. It is proposed that, as far as possible, we should advance towards an insolvency procedure that matches the bankruptcy proceedings in the United Kingdom described in the Report, to make easier the second chances.
33. We should develop and promote employment policies and instruments to facilitate the transfer of business as a type of entrepreneurship which ensures the continuation of an existing economic activity, facilitating the process of ownership transfer of a business between assignors and entrepreneurs. In this regard, a favorable framework for the restart should be promoted: own legal form, incentives and tax exonerations.
34. In this sense, we should encourage initiatives to give second chances and/or redirect people who have undertaken and failed for external reasons, as well as business ideas that have not been successful for internal reasons.

35. We should have to develop reintegration programmes for entrepreneurs who have experienced a corporate bankruptcy, as was the "Reinicia't" Programme, while it is recommended to study the reentrepreneurship figure recently regulated in Murcia.
36. To facilitate the possibility of reintegration, we should resolve situations related to the lack of access to social rights and entitlements because of the debts to Social Security, despite paying the new fees in case of being on it again.

Entrepreneurship education

If we want to encourage entrepreneurship in our society, there is no doubt that one of the key elements is the educational process.

There is an increasing recognition of the individual, social and economic benefits derived from the "broad" definitions of entrepreneurship education, related to the training that allows people to turn ideas into action.

So, there is a trend to differentiate between entrepreneurial skills (personal initiative, proactivity, autonomy, tenacity, innovation, teamwork, risk tolerance, communication, etc.) and the technical expertise required for the initiation and practice of the entrepreneurial activity (economics, finance, management and planning, labour market, the world of business, regulatory framework, etc.).

As for the entrepreneurial skills, a great part of them can be taught and trained across all students. As indicated in the Report, the question is to educate in the "pedagogy of possibility." Student participation in informal learning spaces or in the world of youth associations can also encourage the development of entrepreneurial culture, given the importance, for example, of teamwork and planning activities in these environments.

As for the technical skills, they can be taught in optional schemes, depending on the student's personal and career interests.

Anyway, entrepreneurship education is now largely developed "bottom up", based on the initiative of teachers and schools. Therefore it is essential to understand schools, the educational community, the local community and stakeholders in the Catalan, national and European level as interrelated parts of the same system. Entrepreneurship should be approached as an intrinsic and structural feature of school so that all students have the same opportunities to develop entrepreneurial skills.

In this system, the teacher is the primary agent of change, but he/she faces two broad challenges which deal, first, with the minor weight that specific training has in entrepreneurship programmes in initial and continuing training, and secondly, the lack of direct and actual experience. All this makes that teachers, when they have to educate in entrepreneurship, often act as a mere conceptual transmitter.

The use, by the teaching staff, of active training and participatory methodologies (*learning by doing*), aimed at the creation of entrepreneurial initiatives, service learning or associationism could facilitate the transition from conceptual to practical experience, which is vital to get an integral education in the field of entrepreneurship.

As stated in the Report, Catalonia is developing cross-enterprise education experiences as Plan Catalonia, School for Entrepreneurs, and specific experiences as the elective subject on career guidance and entrepreneurship in 3rd ESO. Also remarkable are the implementation of other specific projects as the pilot *Start-Up School Programme*, and of organizations such as the School of Entrepreneurship Foundation, which brings the reality of entrepreneurship into the educational system.

Given these considerations, the CTESC recommends...

37. The incorporation of entrepreneurship education in the education system transversely should be improved in both the curriculum and the educational center project.
38. In primary and lower secondary levels, entrepreneurship education should focus on the development of certain values such as responsibility and effort, as well as training in skills related to personal solving of everyday problems, communication (e.g. public speaking) and teamwork.
39. In post-compulsory education levels (high school, vocational training and university), entrepreneurship education should be developed under optative schemes and, in turn, should foresee the formation of pro-

professional teams focused on bringing out the entrepreneurial initiatives of students on three pillars: knowledge, marketing and management.

40. Efforts should be made to give to the education system enough resources to fully understand the capabilities, skills, interests and personality of each student in order to adapt teaching methods and set targets to allow maximum development of their potential. A student well oriented, which has a project, is more likely to achieve their challenges.
41. We have to strengthen collaboration strategies between the education system and the world of business (business associations, private investors, etc...) to provide practical knowledge and real business projects and to promote teacher and students training practices in these environments.
42. We have to increase awareness and entrepreneurship education in initial and continuing teacher education, through the transmission of specific contents and the access to transformative experiences.
43. Teachers need to have the participation and support of professionals in order to facilitate the planning and implementation of entrepreneurship education.
44. We have to promote entrepreneurial culture in active employment policies (PAO).
45. We should continue to promote programming of training activities for entrepreneurs under the professional qualification "Creating and managing microenterprises".
46. We have to prioritize entrepreneurship education in the SOC training offer for unemployed people.

Entrepreneurship policies

The promotion and support of entrepreneurship has received attention in recent years in both the public and private sectors and, in some cases, it has been seen as the solution to the economic problems of the country. As a result, excluding some initiatives with a strong and long tradition, a great fragmentation and a general offer of services for the enterprise have been observed overall, which does not benefit the user's attention and causes duplication and some inefficiencies.

The measures to support entrepreneurship focus on early stages and neglect its consolidation and growth, although they are the weaker point of the process to undertake in Catalonia. The corporate net flow compares the proportion of companies that have started operations in the last year with the ones that have closed and calculates, therefore, the number of companies that are created for each one which disappears. The *GEM Catalonia Report 2012* shows a business net flow by 1,04, that is, for every company that was founded in 2012, another dies. In the Barcelona area data are more critical because business creation does not compensate for the businesses which have closed in the last year. In this sense, it is urgent to reduce the mortality of entrepreneurial projects in Catalonia and insist on this issue more than on the number of initiatives that start and disappear shortly.

Similarly, measures to promote entrepreneurial culture have had less weight than those addressed to people who have already made the decision to create a company, which does not correspond exactly to the reality of Catalonia, with a weak entrepreneurial culture.

In this context, in order to gain efficiency and improve outcomes, it is important that services for entrepreneurs adapt to the process of undertaking and act as facilitators and counselors of the process. Thus, in the early stages of entrepreneurship certain services are essential, such as information, which should become an easy, advising resource about aids, the applicable law, possible sources of funding, available services and all the resources that can play a decisive role to carry out initiatives.

Secondly, the specialized advice by sector is very important in developing business plans as well as the evaluation of the projects and their drivers, in order to know beforehand its feasibility, the project strengths and weaknesses and the people who lead them, and thus provide better guidance. Training related to the areas of management and marketing focused on the business itself is fundamental.

Throughout the entire process the accompaniment in both business development and personal level is a key factor in order to deal with the pressure and implement the most suitable behaviours for the implementation of the activity. We cannot forget *networking* as a way to connect people with complementary profiles to form a team and/or a project.

Finally, it is necessary to give support during the administrative procedures to help comply with legal, financial requirements, etc..

As for the recipients of public measures, it is necessary to keep in mind that certain groups, such as women, young people, older people or those of immigrant origin have been subjected to a specific treatment from public institutions in the development of policy entrepreneurship. This different treatment is based on two facts: the first one, they are groups with lower participation in the labour market and their integration will have positive effects on personal and aggregate terms for economic growth and employment and, secondly, because they have less access to entrepreneurship for various reasons and, if this fact is corrected, their propensity to entrepreneurship will increase, which in turn would lead to their incorporation into the labour market, with a number of positive effects, both on personal and aggregate terms. This diversity of initiatives should be considered in the policies that can be carried out in this field.

According to these considerations, the CTESC recommends...

47. A pact between the actors of the entrepreneurship value chain is necessary: the social partners, the educational world, the Public Administrations, both in the regulatory area and in the one addressed to give support to entrepreneurs, the financial sector, the third sector...
48. We need a Government entrepreneurship policy with a clear lead, with goals and qualitative and quantitative indicators.
49. Entrepreneurship should be encouraged responsibly, to avoid unintended consequences of the fact of indiscriminately encouraging everyone to rush on entrepreneurship, since it can have unpredictable consequences and nothing positive in the medium and long term. This caution is especially necessary in the cases of people who undertake from a situation of unemployment and capitalize the benefits to which they are entitled. In this regard, we must remember that entrepreneurship is not always the only option and therefore we should not stigmatize people who do not take this decision.
50. Also sectors with the highest growth potential in the Catalan economy and outward should be prioritized, as well as those where new market niches are detected, with measures such as the alignment of financial instruments toward these sectors. It is the task of the Government to define these economically strategic sectors and those that are oversized or need restructuring to improve competitiveness. A good tool in this regard is the RIS3CAT on the Smart Specialization Strategy of Catalonia, in the context of the Europe 2020 Strategy.
51. It is necessary to sort all public and private actors who perform actions on the stage of business creation and it must be ensured that they coordinate actions to avoid duplication and fill gaps, ensuring adequate coverage of the territory in order to provide a near and specialized service. The articulation of these agents should take into account the following features: to guarantee continuity of programmes that present good results, the resource allocation according to the volume of work performed and results achieved and establishment of mechanisms for transferring knowledge and best practices. We should also ensure access to specialized knowledge on various productive sectors.
52. It is necessary to develop and disseminate a portfolio of services to entrepreneurship and self-employment, which includes, among others, information resources and accompanying support services to restart, services of incubators and accelerators, training resources, tax incentives, funding support services, etc...
53. We have to rationalize policies to support entrepreneurship and devote more resources and services to the maintenance and consolidation of activity.
54. We need to invest more resources into instruments of advice and support to entrepreneurship.
55. The configuration of the various measures should be adapted to the different profiles of entrepreneurs, since there is not a single profile.
56. Entrepreneurship policies should unify the criteria for determining access, based on the time that the activities have been in existence.
57. We have to evaluate the impact of measures to support entrepreneurship funded by the Public Administrations, from pre-defined objectives.

58. Indicators for Catalonia of the OECD Entrepreneurship Programme (PIE) should be available in order to know and compare the evolution of entrepreneurship in our territory.