



ECOSYSTEM FOR ENTREPRENEURSHIP IN GRANADA PROVINCE

EXECUTIVE SUMMARY

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1. Introduction

This document summarises the study carried out on the ecosystem for entrepreneurship in Granada province. For this exercise we focus on those entities that provide support services for entrepreneurship, the characteristics of the province's entrepreneurs and the set of direct and indirect factors that inform their development.

This study is part of the EU's OSS project, presented in the framework of the *Interreg Europe* programme, which is an international cooperation project. Granada Provincial Council joined the project with a view to enhancing SMEs' competitiveness by improving services to support entrepreneurship and filling the existing gaps in the assistance available to entrepreneurs.

This project has been divided into five phases. First, a study has been carried out of the ecosystem for entrepreneurship, assessing the relevant literature and statistics. Next, a more in-depth diagnosis was performed, applying the Delphi method and getting several relevant local actors involved. The views of entrepreneurs obtained from an online survey have also been taken into account. All the information compiled in the previous phases was then summarised in a SWOT structure. Finally, the summary drawn up has been used, in combination with an analysis of related experiences, to explore new actions and improvements for the development of entrepreneurship in Granada province.

2. Diagnosis of entrepreneurship

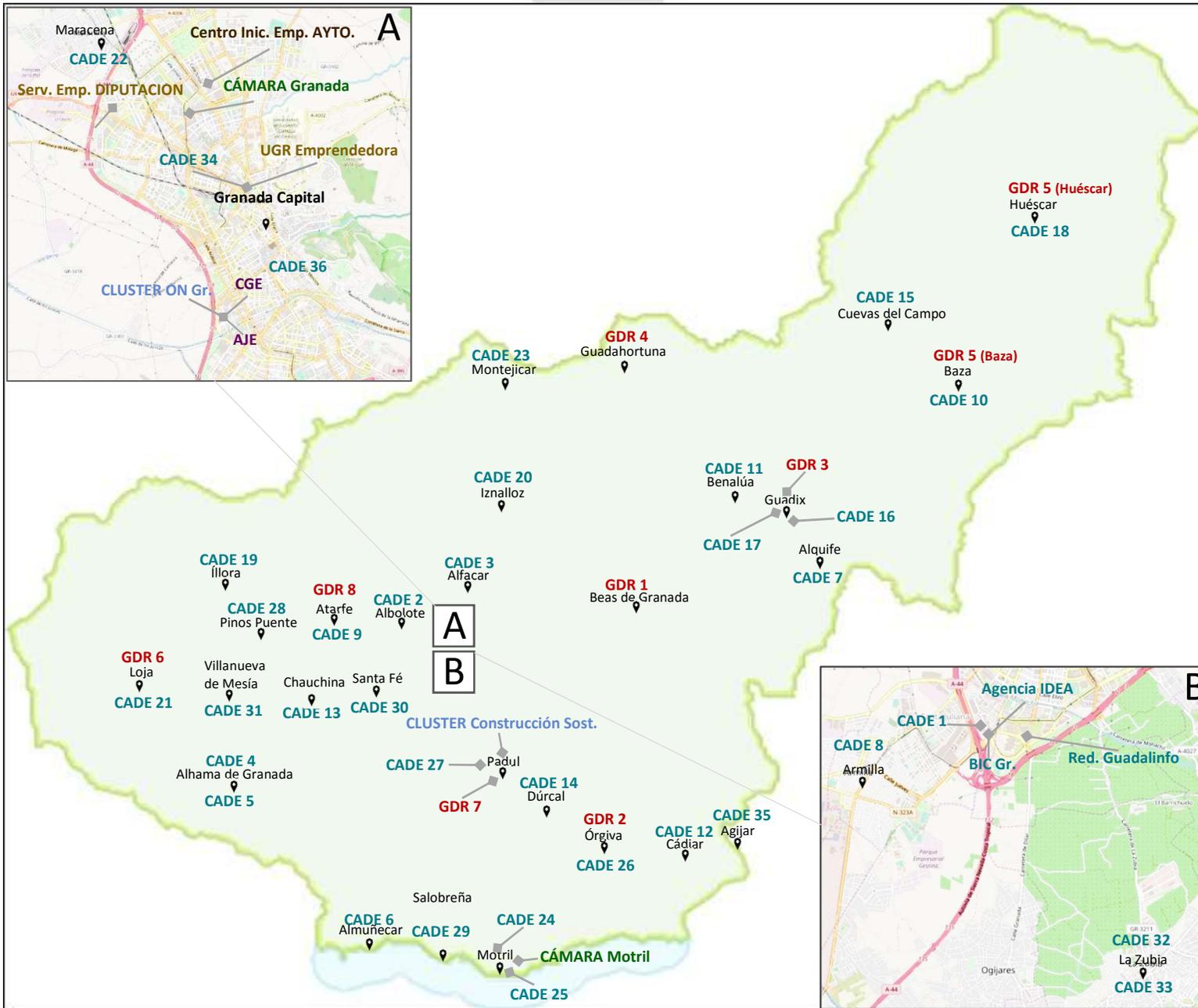
For the analysis of entrepreneurship, all the information obtained from the sources consulted and the field work undertaken has been brought together. The focus has been on the available supply of services for entrepreneurs in Granada province, the demand for them among existing and potential entrepreneurs, and the factors that to some extent may play a role in the development of entrepreneurship in the province.

2.1. Analysis of supply

This analysis concerns who the various entities that provide such services are, how they operate and which services they provide.

By entities providing support for entrepreneurs we mean those whose services are mostly aimed at developing entrepreneurial actions in Granada province or make up a significant part of what they do. A map of the **entities providing support for entrepreneurs in Granada** province is presented below.

Figure 1: Map of entities providing support services for entrepreneurship



• **Regional entities (Andalusia)**

- IDEA Agency
- BIC Granada
- Fernando de los Ríos Consortium - Guadalinfo Network
- CADE 1 Andalucía Emprende – CADE Granada
- CADE 2 Albolote
- CADE 3 Alfacar
- CADE 4 Alhama de del Campo
- CADE 5 Alhama de Granada-Poligono
- CADE 6 Almuñecar
- CADE 7 Alquife
- CADE 8 Armilla
- CADE 9 Atarfe
- CADE 10 Baza
- CADE 11 Benalúa
- CADE 12 Cadiar
- CADE 13 Chauchina
- CADE 14 Dúrcal
- CADE 15 Cuevas
- CADE 16 Guadix-1
- CADE 17 Guadix-2
- CADE 18 Huéscar
- CADE 19 Íllora
- CADE 20 Iznalloz
- CADE 21 Loja
- CADE 22 Maracena
- CADE 23
- CADE 24 Montejicar
- CADE 25 Motril-Pol.Vadillo
- CADE 26 Órgiva
- CADE 27 Padul
- CADE 28 Pinos Puen. Granada-Barranco
- CADE 29 Salobreña
- CADE 30 Santa Fé
- CADE 31 Villanueva de Mesía
- CADE 32 La Zubia-Matadero
- CADE 33 La Zubia-Zacatin
- CADE 34 UGR
- CADE 35 P.I Ugijar
- CADE 36 Granada P.I IAJ

• **Provincial entities**

- Business Development and Consolidation Service, Granada Provincial Council
- UGR Entrepreneurs

• **District-level entities and development groups**

- GDR 1 de Arco Noreste de la Vega de Granada - Alfanevada
- GDR 2 Alpujarra - Sierra Nevada
- GDR 3 Guadix
- GDR 4 Montes de Granada/ Apromontes
- GDR 5 Altiplano de Granada (Offices in Baza and Huéscar)
- GDR 6 Poniente
- GDR 7 Valle de Lecrín – Temple and Costa
- GDR 8 Vega Sierra Elvira

• **Local entities (city of Granada)**

- Municipal Business Initiatives Centre, Granada City Council

• **Chambers of commerce**

- Granada Chamber of Commerce
- Motril Chamber of Commerce

• **Clusters**

- Cluster On Granada
- Cluster for Sustainable Building in Andalusia

• **Others**

- Granada Business Federation (CGE)
- Young Business People's Association (AJE)

Source: In-house

There are a number of **general features** that characterise these entities as a whole. These are:

Objectives The most representative are:

- a) Commitment to quality
- b) Provide and constantly update the training available
- c) Encourage an entrepreneurial culture
- d) Act as a driving force for the province's production sectors
- e) Efficiently manage all the grants available
- f) Extend the life cycle of existing enterprises already set up
- g) Constantly adapt to the digital revolution

Description of the technical team Firstly, the average number of technicians associated with each of these entities is three. The qualifications of most of the personnel are higher education (university degrees), where the subjects most commonly represented are law, economics, business administration and industrial relations. In most cases the professionals working at these agencies have been in post for 15 years.

Geographical and sectoral field The entities are distributed across the whole of the province. However, most of those that are notably sectoral have their main or only offices in the city of Granada. In general they cater for anyone requiring their services, forwarding to other entities any entrepreneurs that do not fit what they do or could be assisted more efficiently elsewhere.

Training needs Although the level of training among the personnel working at these entities is very high, each entity shows a predisposition towards continuous improvement by obtaining or updating their knowledge of different topics. **The training most often required** by the personnel that make up the entities' technical teams covers the following areas:

- New methodologies for dealing with entrepreneurs
- Digitisation for entrepreneurship; technology valuation; digital transformation of enterprises
- Marketing and sales
- Dynamisation and design of group activities
- Business management and administration

Map of services provided by the entities

The **services provided** by the entities are varied (during the research a data sheet was prepared for each of them). However, the most representative services for a large number of them are:

1. **Information** Related to different aspects of the business start-up process (sources of funding, necessary training, formalities for setting up a new company, etc.).
2. **Advice, tutoring and mentoring** Specific advice on what is necessary to start up a business (participation in programmes, guided training, business plans, etc.); tutoring as the business idea materialises (validation of the business idea, marketing, sales, etc.); and specialised monitoring (mentoring) on the materialisation of the business idea and its subsequent functioning.

3. **Activities for development of an entrepreneurial culture** Participation in activities to foster an entrepreneurial culture.
4. **Training.** In all topics and modalities.
5. **Business nursery, rental of premises and specialist equipment** Possibilities of locating enterprises in general and sectoral spaces. Availability of spaces to hold training sessions and other events, and the possibility of using specialist equipment to undertake actions related to the enterprise's business.
6. **Access to funding** Information available on funding for entrepreneurs, advice on seeking funding and managing grants associated with specialist programmes.
7. **Dynamisation** Organising meetings and activities to share experiences and forge business links between entrepreneurs (networking, access to sector ecosystems, etc.).
8. **Others** Facilitating contacts, representation and technology transfer.

Means and routes for entrepreneurs' access via entities

Ways to access the portfolio of services In general, the entities use every means currently available to provide their services to entrepreneurs. Some of the features that characterise the access for entrepreneurs and dealing with them are:

- Assistance is available on a presence basis
- Some kinds of services (e.g., training and business advice) are provided openly via the entities' platforms.
- Users are most commonly informed about services and events of interest to entrepreneurs via social media.

2.2. Analysis of demand

Entrepreneurial profile

Characteristic features of the entrepreneurs in Granada province (according to the entities with entrepreneurial support services interviewed):

- a) **Education:** Entrepreneurs mostly have a university-level education. Those located outside the city of Granada and its metropolitan area tend to have lower levels of education.
- b) **Sex:** The sectors that are most closely related to ITC are still largely male-dominated, except for the biotech sector, where representation of the sexes is roughly equal.
- c) **Employed/unemployed:** Mostly unemployed, although this depends on factors such as how specialised the sector is. The greater the degree of specialisation, the larger the number of employed people.
- d) **Age:** Entrepreneurs outside the city and larger towns tend to be older. Greater technical complexity implies a lower age than average. An age margin for entrepreneurship would be 28–45.
- e) **Geographical ambit:** As mentioned above, profiles differ according to the part of the province in question. In the city of Granada the entrepreneurs tend to be more highly educated, younger and represent more ICT-related sectors.

- f) **Business sector of the entrepreneurial initiative:** The most striking innovative initiatives are related to ICT in the city of Granada and to the agro-industrial and tourism sectors elsewhere in the province.

Entrepreneurs' needs

The study of the ecosystem for entrepreneurship in Granada province reveals a disconnect between what the entrepreneurs claim that their needs are and what their actual needs are, based on the criteria and experience of the entities providing support services. The following comparative chart illustrates this disconnect:

Table 7: Comparison between entrepreneurship needs as detected by the entrepreneurs themselves and as identified by the entities providing support services.

Needs detected by the entrepreneurs themselves (survey)	Needs identified by entities providing entrepreneurship-support services (Delphi method)
1. Access to premises suitable to serve as the base for the business	1. Analysis of the business idea Feasibility plan
2. Information on funding	2. Development of the business plan
3. Information on business opportunities for entrepreneurship in the province.	3. Personalised monitoring (mentoring)
4. Information on the relevant business sector	4. Training
5. Training	5. Access to available sources of funding
6. Information on formalities for starting up the business	6. Sales and marketing support
7. Information on entrepreneurs' networks	

Source: In-house

2.3. Fields for developing entrepreneurship

The fields studied to improve entrepreneurship are structured between those related to the supply of entrepreneurship-support services, the public demand for them and aspects related to how the region's economic activity is distributed (social, cultural, political and economic context).

From the point of view of the entities providing support services for entrepreneurship

A. IMPROVING THE SERVICES AVAILABLE

Inter-entity collaboration

- Current relationships between different entities are good, particularly two-way ones. Establishing agreements, coordination and partnerships both for specific projects or services and for the organisation of events.

- No work is coordinated across the board among all the entities.
- The areas that need working on in the future include: Improving the communication process and establishing common ground in all the services and activities to be developed; avoiding duplication and making use of synergies and specialisms between entities; delimiting tasks and liaising so as to avoid occupying other entities' spaces of influence and work.

Training

- The entrepreneurs are well trained, particularly in the use of new technologies.
- A large amount of training — both public and private — is available.
- There is a need to make the training available more specialised.
- There is some overlap in the training provided by different entities.
- The structured view of the available training and its accessibility for entrepreneurs need to be improved.
- Training needs should be reviewed on a continuous basis, updating the training on offer as required.
- The training available in certain areas (e.g., sales and marketing of products and services) should be increased.

Availability of funding

- Need to boost funding options for innovative and transformational projects.
- The options for private funding are generally seen as being insufficient. The process for securing private investment for projects of a certain size is not at all simple, as there is no culture in place to deal with actions of this type.
- Access to bank loans cases is in most cases subject to guarantees that are very hard to meet.
- The public funding available is out of step with the timescales needed to develop business ideas. Securing these funds is a very long process.

B. IMPROVING ASPECTS ASSOCIATED WITH THE DEMAND FOR SERVICES

Entrepreneurial culture

- Negative cultural features: demonisation of failure, fear of risk, envy, image of complacency associated with the employee in respect of the employer.
- Difference between the city of Granada and the coast compared with other, more rural, areas, which are the most negatively affected. Difference between the city of Granada and the coast compared with other, more rural, areas, which are the most negatively affected. This situation is gradually becoming more positive, however, with notable growth of an entrepreneurial culture.
- Lack of collaboration among entrepreneurs.
- The important role of the entities when it comes to fostering an entrepreneurial culture.

Density of enterprises

- Generally low. Few enterprises in the province act as business driving forces or accelerators to attract entrepreneurship. Nevertheless, some sectors are managing to locate enterprises, creating benchmark business spaces (e.g., the Health Technology Park and the two clusters in the province), plus the coming to fruition of major projects (e.g., the particle accelerator).
- Greater interrelation between enterprises needs to be encouraged in order to reap the benefits of partnerships.
- In the more cutting-edge areas, the fact that potential entrepreneurs are quickly captured by existing enterprises hinders the creation of new business ideas.

C. IMPROVING ASPECTS OF THE ENVIRONMENT FOR DEVELOPING ENTREPRENEURSHIP

Policies associated with entrepreneurship

- Too many start-up formalities are affecting the development of new businesses, particularly on a small scale.
- Taxes and other economic and employment-related burdens are considered to be too high or a poor fit for new-business development.
- Some local initiatives may be capable of attracting investment into the province. That said, a cautious approach needs to be taken with regard to external investors, who may not properly consider the area's sustainability when it comes to developing the business.

Commitment to and transfer of R&D

- The entities play a significant role in this respect, viewing the factors or potential for business improvement and investment. Also via tools for their members (workshops, training, etc.) or through partnership agreements.
- Ways need to be sought to make better use of the university's potential and increase its role in business development in the province.
- Partnerships between enterprises should be encouraged, forging bilateral relationships for communication and production. This process is to some extent informed by a cultural factor.

Infrastructure and services

- In general, the available infrastructure and services are seen as being insufficient for the amount of potential resources that the area can offer, particularly in terms of competing with other locations.
- Nevertheless, entrepreneurship covers a wide range of initiatives, not all of which are affected to the same degree by this issue.
- One conditioning factor — not exclusive to the province — is the difficulty experienced in rural areas, where business development is more problematic because of conflicts with structural and services-related factors, including
-

- Power supply
- Communications
- Broadband quality.

Local conditions for investment

- Scant private investment in rural areas for the development of entrepreneurial projects. Such low levels of investment are causing enterprises to leave the area and relocate to place with more potential.
- Some experiences to make enterprises and visible and attract investment have been unsuccessful or insufficient.
- In various parts of the province there is an incipient phenomenon of forms of tourism that go beyond the traditional "sun and sea" approach: cultural, nature, sporting, geological, astrological, etc.
- There are considerable differences in the **future outlook** for entrepreneurship in different **parts of Granada province**.
 - (a) In the city of Granada and its metropolitan area, the most cutting-edge sectors or segments for business development, according to the entities interviewed, are: ICT, biotech, tourism development, culture, science industry (Ifmif-Dones), renewable energy sources, leisure and free time.
 - (b) In rural areas and more remote parts of the province the opportunities for entrepreneurs tend to be found in agriculture and food production, ecological products, active tourism and ecotourism, leisure and free time, and circular business models.
 - (c) In other areas, such as the Granada coastline, the areas with potential for entrepreneurship are the agroindustrial, logistics, distribution and tourism sectors.

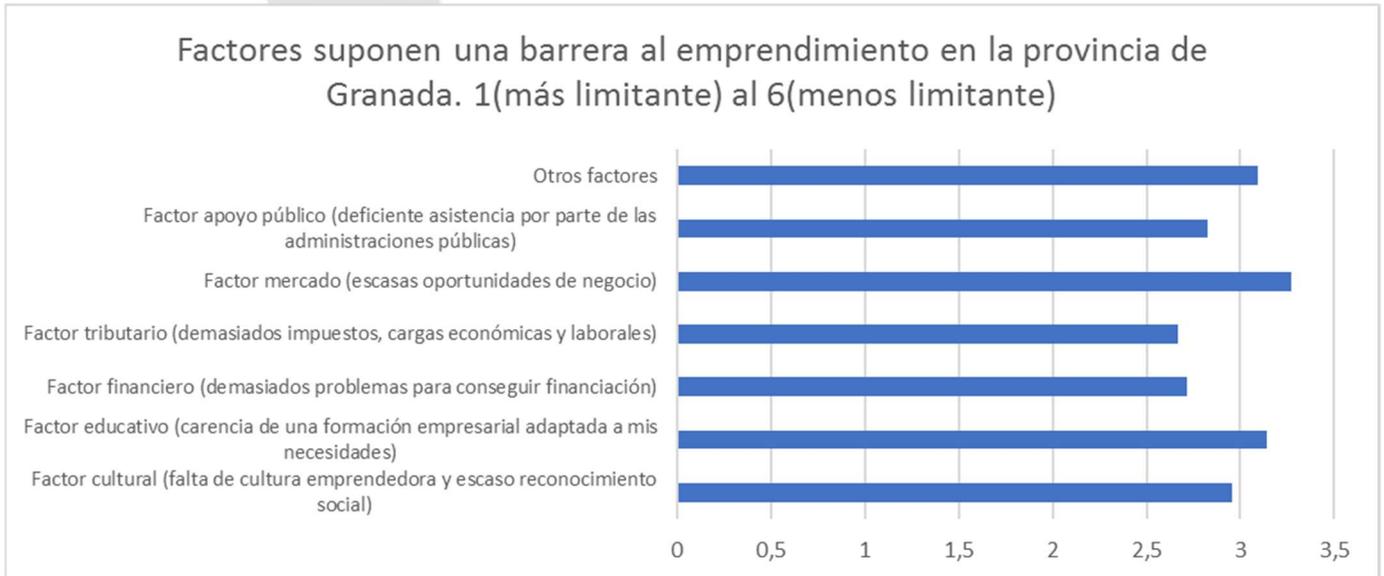
From the point of view of the entrepreneurs

The survey showed that the entrepreneurs highlight the following factors as obstacles for developing entrepreneurship, listed from the most to the least limiting:

1. Tax burden (excessive taxes, economic and employment-related obligations).
 2. Funding (too many difficulties when trying to secure funding).
 3. Public support (little help offered by public authorities).
 4. Culture (lack of an entrepreneurial culture and low levels of social recognition).
 5. Education (lack of business training adapted to my needs).
 6. Market (limited business opportunities)
- Other factors that the entrepreneurs consider to be important are:
- Poor communications and fibre-optic infrastructure.
 - The personal financial costs of starting up a business are too high.

- Depopulation of rural areas.
- Lack of business sense when it comes to detecting new opportunities.
- Lack of customised support and monitoring with experience in setting up and developing a new business.
- Little coordination between different public authorities.

Figure 27: Barrier factors for the development of entrepreneurship in Granada province



Source: Survey of users. In-house.

2.4. SWOT data summary

WEAKNESSES (W)	THREATS (T)
<p>W.1. Lack of meaningful collaboration between entities offering services to support entrepreneurship.</p> <p>W.2. High degree of fragmentation of entrepreneurship-support services in the province.</p> <p>W.3. Overlaps in the training schemes available.</p> <p>W.4. Difficulties accessing entrepreneurship-support services in rural parts of the province.</p>	<p>T.1. Low level of entrepreneurial culture in the province.</p> <p>T.2. High failure rate of business initiatives in the province. Low rate of business consolidation.</p> <p>T.3. Difficulties securing the funding needed to develop business ideas. The process of obtaining grants associated with programmes is too slow.</p> <p>T.4. Low density of enterprises and business driving-force or accelerator firms.</p> <p>T.5. Competitive, ever-changing market, with major distributors wielding too much power. Slowdown of economic growth.</p> <p>T.6. Many business proposals show little innovation. Low levels of digital maturity in entrepreneurship.</p> <p>T.7. Few changes in government policy to encourage entrepreneurship.</p> <p>T.8. Disconnect between the needs expressed by the entrepreneurs and the actual needs as identified by the entities.</p>
STRENGTHS (S)	OPPORTUNITIES (O)
<p>S.1. The entities are gradually becoming more professional, as are the technical teams that provide entrepreneurship-support services.</p> <p>S.2. Network of entities with services and resources to support entrepreneurship available across the whole province.</p> <p>S.3. Entities predisposed to work in partnership to communicate, disseminate information and create common strategies.</p> <p>S.4. Broad range of training schemes available</p> <p>S.5. Launch of new forms of advisory services, such as mentoring.</p>	<p>O.1. Good economic forecasts in certain sectors in the province.</p> <p>O.2. Building awareness of the importance of entrepreneurship in education.</p> <p>O.3. Commitment towards improving infrastructure so as to have a positive effect on business creation.</p> <p>O.4. Building awareness of the importance of digitisation for new business creation.</p> <p>O.5. Sharp increase in entrepreneurial culture and the number of new enterprises set up.</p> <p>O.6. Large number of young, highly trained human resources coming out of Granada University.</p> <p>O.7. Business-partnership initiatives with a high degree of maturity generated around sector clusters (e.g. sustainable building, biotech).</p> <p>O.8. In various parts of the province there is an incipient phenomenon of forms of tourism that go beyond the traditional "sun and sea" approach: cultural, nature, sporting, geological, astrological, etc.</p> <p>O.9. Significant increase in the use of technology in the agriculture and food sector.</p> <p>O.10. Public-private unit for the candidature to house the Ifmif-Dones in Granada.</p>

3. New actions and improvements

This section sets out the proposals resulting from the study, covering various strategic approaches and specific actions to improve the ecosystem for entrepreneurship in Granada province. This aim of this study is to create specific, consensus-based work spaces, while also service as a support guide for the launch of future improvement actions of various different kinds.

The strategic approaches and actions associated with each are as follows:

ACTIONS TO IMPROVE THE ECOSYSTEM FOR ENTREPRENEURSHIP IN GRANADA PROVINCE

STRATEGIC APPROACH 1: Improving inter-entity collaborative work.

ACTION 1.1: Establishing partnership mechanisms to optimise resources.

ACTION 1.2: Map of available and specialist services.

ACTION 1.3: Setting up a shared platform.

STRATEGIC APPROACH 2: Activities for development of an entrepreneurial culture.

ACTION 2.1: Fostering business careers.

ACTION 2.2: Encouraging business alliances and partnerships.

ACTION 2.3: Carrying out studies and disseminating their results.

STRATEGIC APPROACH 3: Actions to improve the process and success rate of entrepreneurship.

ACTION 3.1: Fostering the validation of business ideas.

ACTION 3.2: Developing tools to support the consolidation of businesses.

ACTION 3.3: Fostering digitisation, innovation and international expansion.

ACTION 3.4: Analysing new sources of funding for entrepreneurs.

The research carried out for this project shows the necessity and predisposition of the various entities to **increase links and work in partnership**. The importance of these entities for the province hinges upon such aspects as economic development and job creation in the province. Apart from the enhanced efficiency afforded by working in partnership, there are other benefits based on the sharing of information and being able to consider different experienced viewpoints when it comes to performing diagnoses of entrepreneurship or the economic process in the province.

The actions proposed cover various different work areas. The first refers to putting procedures in place to plan communication routes among the entities, with a view to optimising the resources available for training, organising events and setting up an online agenda. Then the steps will be determined to create tangible projects, such as a map of available and specialist services. Finally, the work in partnership will progress by setting up a shared platform.

The entrepreneurial culture, in turn, is one of the most important factors studied in this research into the ecosystem for entrepreneurship at all geographical levels. Thus, it lies at the

very core of development of entrepreneurship, requiring study for the subsequent design of policies and actions.

The interviews carried out with the entities and the surveys that the users responded to have both highlighted the low level of entrepreneurial culture in Granada province. This situation is therefore addressed strategically, associating three separate actions with it. One of these focuses on work on how people currently view the action of entrepreneurship, attempting to convey a positive image. This approach also involves launching and participating in all the activities that directly or indirectly may affect professional alliances and partnerships. Finally, a commitment is being made towards analysing the entrepreneurial culture based on launching or helping to carry out related studies.

The research carried out enables a number of conclusions to be drawn regarding the potential for work to be done in different areas. Many of these position the entities providing support services for entrepreneurship at the heart of their development.

The last strategic approach includes various initiatives, all sharing the common factor of **improving the process of setting up and consolidating businesses** in Granada province through specific actions. In all of them, the entities will act — either alone or in partnership with others — as the principal developers, shaping them as supplements to those actions that are already undertaken on a regular basis. The actions considered range from fostering the use of such tools as viability studies, business plans and instruments for business assessment and growth to analysing new sources of funding and encouraging digitisation, innovation and international expansion.

4. Conclusions

The entities providing support services for entrepreneurship play a central role in Granada province's economic development and job creation. They constantly strive to improve their services for entrepreneurs. An example of this is the existence of this research itself, undertaken as part of the EU's OSS project by Granada City Council's Business Development and Consolidation Service, in which the current status of entrepreneurship in the province is analysed in depth, positing the role of the entities providing support services for entrepreneurs at its core.

The results, which have been obtained with the active participation of the entities providing support for entrepreneurs as well as the users of those services, reveal three valuable details. The first of these concerns the supply of services, i.e., the entities themselves. The entities make up a network that covers various different sectors and areas, with a high level of adaptation to changing needs as the digitisation process continues apace. The main challenge for the network of entities lies in making the most of all the potential offered by their services and technical teams by working in partnership to undertake joint projects. The second concerns the demand for support services for entrepreneurship, i.e. the entrepreneurs themselves. Although the failure rate of business initiatives is high and the density of enterprises is low, the level of entrepreneurship is actually high compared with other parts of Spain. Also, a growing awareness of digitisation and training gives grounds for considerable optimism regarding the quantity and quality of entrepreneurship within the province. Finally, the third element is that of the factors

that directly or indirectly inform the development of entrepreneurship. Thus, social, structural and economic factors create an outlook for entrepreneurship that is one of uncertainty. In addition to the instability of the economy we must add a number of cultural and structural factors that affect business creation, as well as the lack of large-scale projects and low rate of consolidation of initiative that are already under way. Nevertheless, there are several good reasons to be optimistic, including the positive trend in new-business creation, improving infrastructure, and the development of certain sectors (e.g., ICT), opportunities in such sectors as the science industry, and diversification in others (e.g., tourism) and improvements in the use of technology in the agriculture and food sector.

As the proposals put forward as a result of this research show, the role of the entities providing support services for entrepreneurship in Granada province is key. Their current potential opens up a wide range of possibilities in such aspects as setting up new shared mechanisms and services between entities; improving the entrepreneurial culture; how enterprises and entrepreneurs adapt to the process of digitisation, innovation and international expansion; analysis and development of new sources of funding; and the suitability of the training available. In most cases, achieving these goals will depend on the entities working in partnership in order to make the most of the resources available and the knowledge and experience acquired.