

# Situation of entrepreneurship in Spain due to the COVID-19 crisis

## Analysis and recommendations

Spanish Entrepreneurship Observatory



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**The survey of the Spanish Entrepreneurship Observatory on the impact of COVID-19 on entrepreneurial activity in Spain was carried out between 20th and 30th April, 2020, covering the entire national territory and the results are disaggregated at regional level.**

**The survey was aimed at any entrepreneur. The final sample is made up of 4,314 entrepreneurs, with a linear snowball sampling technique.**

**To correct the differences in the sample sizes of the different CCAA (Autonomous Communities), the option was to weigh according to the working age population (18-64) in each of them.**

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# Presentation

**The Spanish Entrepreneurship Observatory<sup>1</sup>, also known as GEM Network Spain, submits this graphic report to analyse the effect of COVID-19 on entrepreneurship in Spain, with data from a survey of more than 4,000 entrepreneurs, conducted from 20th to 30th April, 2020.**

The aspects addressed in this report include the impact on key activities and resources for entrepreneurs who are in different phases of their respective businesses, as well as their expectations, future plans and demanded measures from the Administration. The last part of the document provides a set of recommendations that are formulated by the Observatory to deal with the new scenario that the health crisis has triggered and which will affect entrepreneurial activity in the coming years. The aim is to contribute to the definition of new appropriate lines of action in this complex and uncertain context.

The will and commitment of the Spanish Entrepreneurship Observatory, at this time of great uncertainty, to undertake other investigations that give continuity to what has been done in this work (evolution of entrepreneurs' opinions, recommendations in successive deconfinement phases and comparisons of applied policies) and other more specific ones that we hope will be of interest and utility to the entire society to which we owe ourselves (post-COVID-19 social entrepreneurship, social innovation and the new reality, circularity and entrepreneurship, ecosystem of impact entrepreneurship, perception of private investment, collaboration between clusters, academia and entrepreneurship in post-COVID-19, regional policies, visibility of female, regional and municipal role models of reactivation, reconfiguration and entrepreneurship, among others).

Finally, we would like to thank all those people who have offered to respond to the survey, and all the institutions that have supported us in its distribution at national, regional and provincial levels, allowing us to have a wide representation and response rate in the national territory.

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<sup>1</sup> The Spanish Entrepreneurship Observatory is made up of more than 180 university researchers specialized in entrepreneurship, organized in 19 regional teams, and they develop annual GEM Reports on the evolution of the entrepreneurial situation in Spain. More information at <https://www.gem-spain.com/>



## SITUATION DURING THE STATE OF ALARM

### Activity

**10%**

Continues operating normally

**48%**

Continues operating teleworking

**40%**

Has closed temporarily

**2%**

Closed down or transferred

### Demand

- **42%** has decreased significantly
- **32%** has no demand (closed)
- **13%** has remained constant
- **9%** has increased

### Telework

- **5 out of 10** initiatives operate through telework
- **6 out of 10** of telework initiatives have decreased their demand

### Normal operations

- **54%** have maintained their demand
- **22%** have increased their demand

### Measures taken

- **1 in 4** has changed its business model and/or cancelled orders from suppliers
- **17%** have reduced prices
- **12%** have had to give up part of their market
- **14%** have reached agreements with their suppliers

### Employment measures

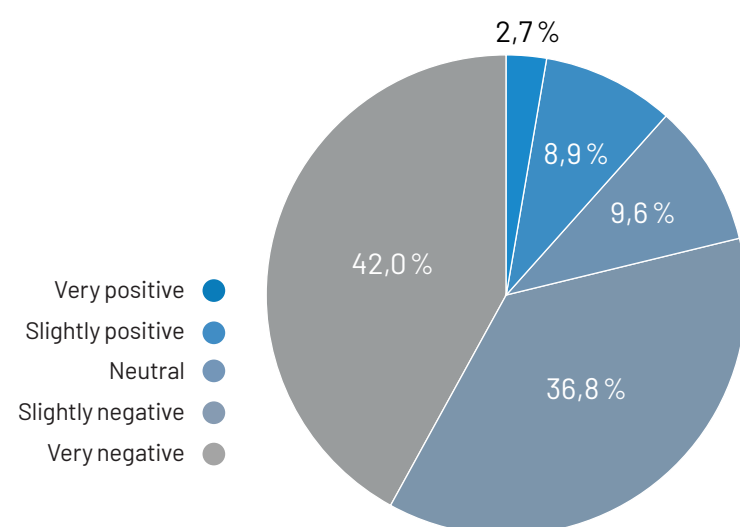
- **21%** Hour reduction
- **17%** Employee reduction
- **10%** Wage cuts

### Financial measures

- **9%** Renegotiation
- **28%** Extra funding
- **32%** Postponement

**1 OUT OF 3 COMPANIES HAS SEEN ITS FINANCING AFFECTED**

## FUTURE PROSPECTS



### Concerns

- "How long will I be able to withstand the current situation derived from the pandemic" **49%**
- "Maintaining employment" **23%**

### Private investment forecast after the state of alarm

**37%** Nobody knows   **23%** The same   **21%** More   **19%** Less

**9% ARE PLANNING TO CLOSE DOWN OR TRANSFER THEIR BUSINESS**

## PLANS AFTER THE STATE OF ALARM

### New market opportunities

**30%**

Exceptionally, but not generally

**26%**

Yes, for enterprises with sufficient and diversified resources

**23%**

Yes, for enterprises with sufficient resources and aimed at activities directly related with the health crisis

**14%**

Yes, for any enterprise

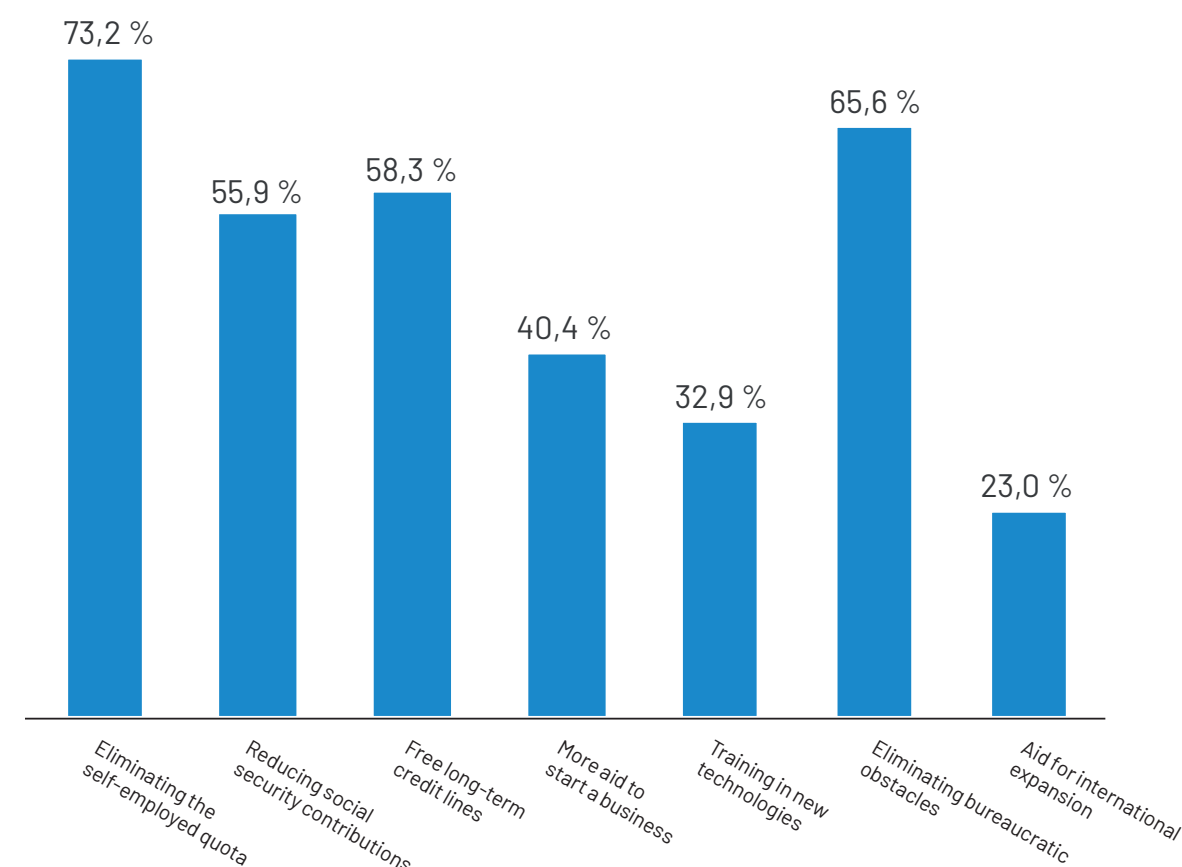
**6%**

No

## ACTIONS TAKEN BY ENTERPRISES

- **24%** Investing in infrastructures and technology
- **47%** Launching new products/services
- **33%** Entering new markets
- **47%** Working with new customers
- **20%** Seeking new investors for our business
- **29%** Seeking external bank financing
- **49%** Applying for aid and subsidies

## DEMANDS FROM THE ADMINISTRATION



## START-UPS

### Situation during the state of alarm

- **35%** have paralysed their plans and 4% have abandoned the idea
- **More than 65%** have not requested aid in the first 5 weeks

### Future

- **41%** have decided to reorient their business model
- **38%** do not see a negative impact on their project in the next 6 months and 18% believe that it will be positive for their project
- **75%** demand measures to support business creation

## LESS THAN 50 EMPLOYEES

### Situation during the state of alarm

#### Their financing has been affected:

- Activities of less than 10 employees: **41%**
- Activities between 10 and 50 workers: **28%**

### Futuro

#### Prediction of negative impact in the next 6 months:

- Activities of less than 10 employees: **47%**
- Activities between 10 and 50 workers: **39%**
- **64%** demand soft credits

## SELF-EMPLOYMENT

### Situation during the state of alarm

- **48%** paralysed activity
- **60%** without anticipated funding

### Future

- **44%** high funding uncertainty
- **1 in 4** considers that public funds are insufficient to overcome the COVID-19
- **78%** demand to eliminate the self-employed quota
- **36%** demand training in new technologies

## MORE THAN 50 EMPLOYEES

### Situation during the state of alarm

- **77%** teleworking
- **36%** have reduced working hours during these 5 weeks

### Future

- **65%** plan to reorient their business model
- **12%** are considering increasing short-term resources
- **45%** request extra funding
- **54%** see private investment the same or better in the immediate future
- **15%** think that the internationalization barriers are high
- **72%** demand eliminating bureaucratic obstacles

## SECTORS

### SERVICES TO THE FINAL CONSUMER

#### Situation during the state of alarm

- **66%** paralysed their activity

#### Future

- **2%** have already decided not to reopen (most affected sector)
- **35%** plan to reduce personnel, only 7% to recruit
- **76%** request to eliminate the self-employed quota and **62%** to reduce bureaucratic obstacles

### SERVICES TO ENTERPRISES

#### Situation during the state of alarm

- **75%** operate by teleworking

#### Future

- **71%** request eliminating the self-employed quota and 66% reducing bureaucratic obstacles

## COMPANIES DOING TELEWORK EMPLEO

- Significant reduction in demand in companies that operate by teleworking (**60%**)
- During these 4 weeks they have opted for: reducing the number of employees (**31%**), working hours (**45%**) and wage cuts (**50%**)
- **57%** of those that continue teleworking plan to seek new customers

### INDUSTRIA

#### Situation during the state of alarm

- **72%** have remained active, more than half consider that private investment will be constant or increase

#### Future

- In the absence of greater certainty, about **25%** consider it difficult to take risks to overcome the crisis
- **48%** have postponed their investment plans, 16% are renegotiating financing conditions
- **32%** think that private investment will increase, 21% that it will remain the same
- **33%** consider the creation of lines of support for internationalization

### PRIMARY SECTOR

- **Almost 1 in 4** emphasises that there are insufficient public funds and are neglected by institutions. These are the activities that have made alliances in the supply chain which they belong to (**23%**)
- **70%** demand free long-term lines of credit

# Key issues

“Paralysis” (in 40% of business activity) and “uncertainty” (58% of companies express this fact) are the adjectives that could summarise these first 50 days of the COVID-19 crisis; which are aspects that have led to “maintaining employment and surviving this situation” being considered the most important concerns of Spanish entrepreneurs. Almost half of the enterprises consulted continued to work by teleworking, which has undoubtedly been the most relevant change in the workplace in Spanish society, 40% have been temporarily closed, and only 10% continued operating. Although demand has fallen by an average of 80%, when exploring the figures in more detail, significant differences are shown. The crisis has produced the bitter side in the final consumer services sector, where 66% have remained inactive, 2% are considering not reopening, 35% are planning to reduce staff and only 7% to make new contracts. The other part of services, those provided to companies, have continued teleworking, but with a 60% reduction in demand, which has led 35% to consider reducing their number of employees, 45% are thinking of reducing working hours and 50% of possible salary cuts. As a solution to this crisis, a search for new markets and new customers (57%) has been proposed by the sector. In general, already during these first days, one in four companies has “reinvented itself”, given the typology of our productive fabric and the companies they are creating, which according to the data of the last GEM Report are 75% services provided either to enterprises or to the final consumer.

On the other hand, there is the industry, with those companies that have remained more active (70%); although the fall in demand and uncertainty have led to reductions in staff and working hours; 48% have postponed their investment plans, 16% are renegotiating them and about 25% point out the difficulty of taking risks to overcome this situation. The sector and size of the company go hand in hand. Thus, the self-employed have seen their activity paralysed in 48% of cases, and express concern about its financing, 70% had no planned financing, 44% observe uncertainty in this area and, therefore, their main demand (78%) is to ask the Administration to eliminate the self-employed quota, and for more public funds, given that 1 in 4 considers that they are not enough to face the crisis.

Those companies with more than 50 employees, which have survived in the form of telework, are thinking of reorienting their business model (65%), and increasing resources (12%), or requesting extra funding (45%). Their additional concern about uncertainty and employment is derived from the closing of borders and current internalization barriers, which is why the creation of lines of support for internationalization (mainly in industry, 33%) and eliminating bureaucratic obstacles (72%) are Administration measures that would help their recovery.

Those companies that were in the creation phase (start-ups) deserve special mention (about 10% of the Spanish population express their intention to start a business in the GEM reports). They are

the grounds for business regeneration. During the post-crisis periods of 2008, their stagnation was one of the most important problems of entrepreneurial activity.

The vast majority of people surveyed (96%) see opportunities, for any enterprise (14%), either exceptionally (30%), or for those which have resources or are diversified (26%). The latter would be those that are already operational, but it seems evident that the Spanish business sector sees opportunities, which without a doubt is the most positive note of the entire analysis and the one that should guide these new companies. Only 4% have abandoned their plans, 45% will change their business model, but there are still 35% that have paralysed their plans, whose main demand (75%) is measures to support business creation.

This generalized ability to identify opportunities that the study has collected, in these times of unprecedented uncertainty and fear in our lives, together with the rebound in the degree of innovation and dynamism -reflection of intelligence in action- that we observe everywhere, are the seeds of our future prosperity. Therefore, and even being aware of the current devastation that the study itself reflects, its results also encourage us to a calm optimism about the future and faith in our ability to reactivate the activity and carry out the transformations required to create a less vulnerable and more articulate society.



1.

# SITUATION AFTER 50 DAYS OF THE STATE OF ALARM



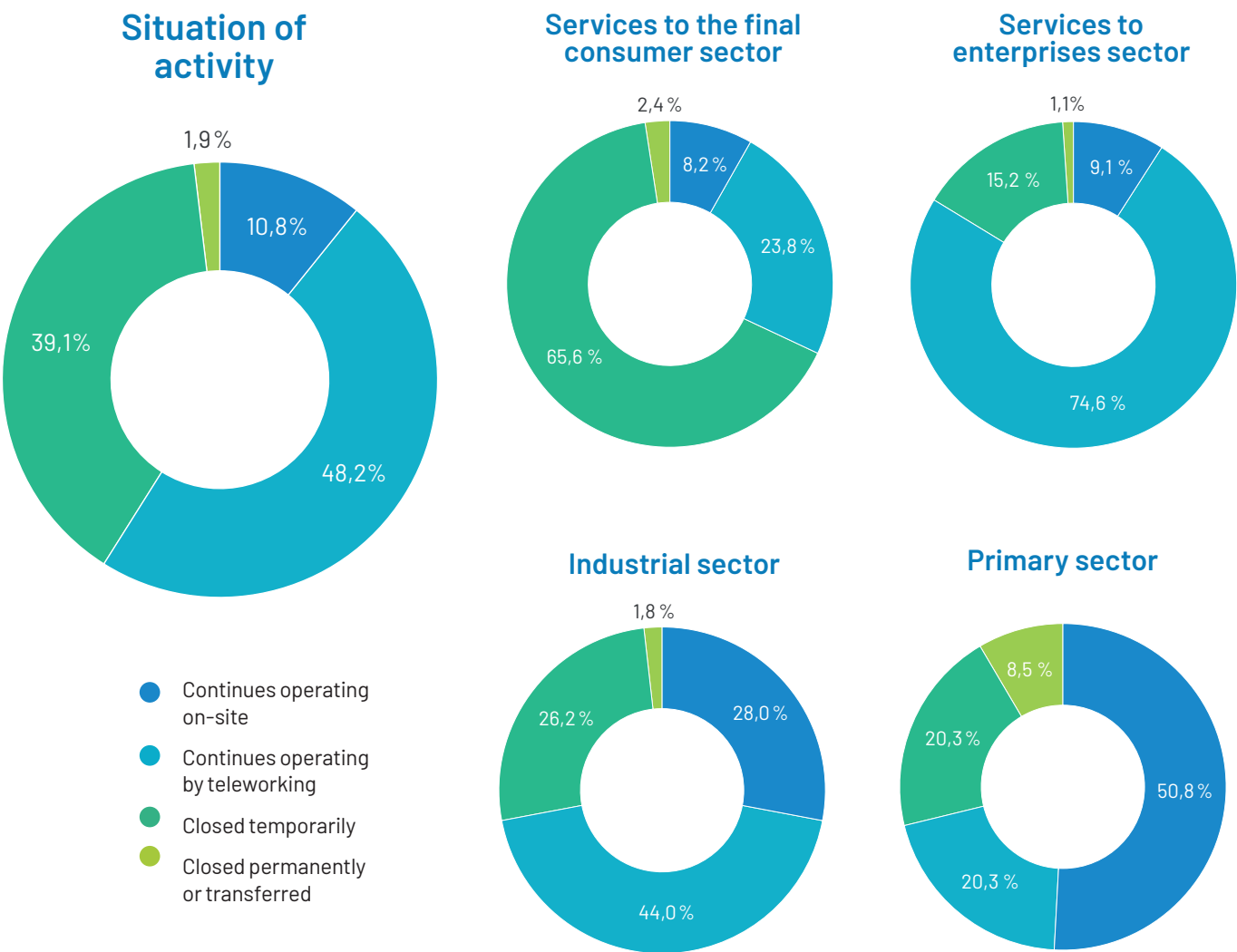
# How business activity has been affected

During the first 50 days of the state of alarm, on-site activity decreased by 90%. 50% went on to telework and another 40% had to close temporarily, either by administrative decision or of their own accord. With immediate effect, at the start of the crisis, 2% have no intention of reopening their business after the state of alarm.

The activities most affected by a permanent closure are those aimed at the final consumer

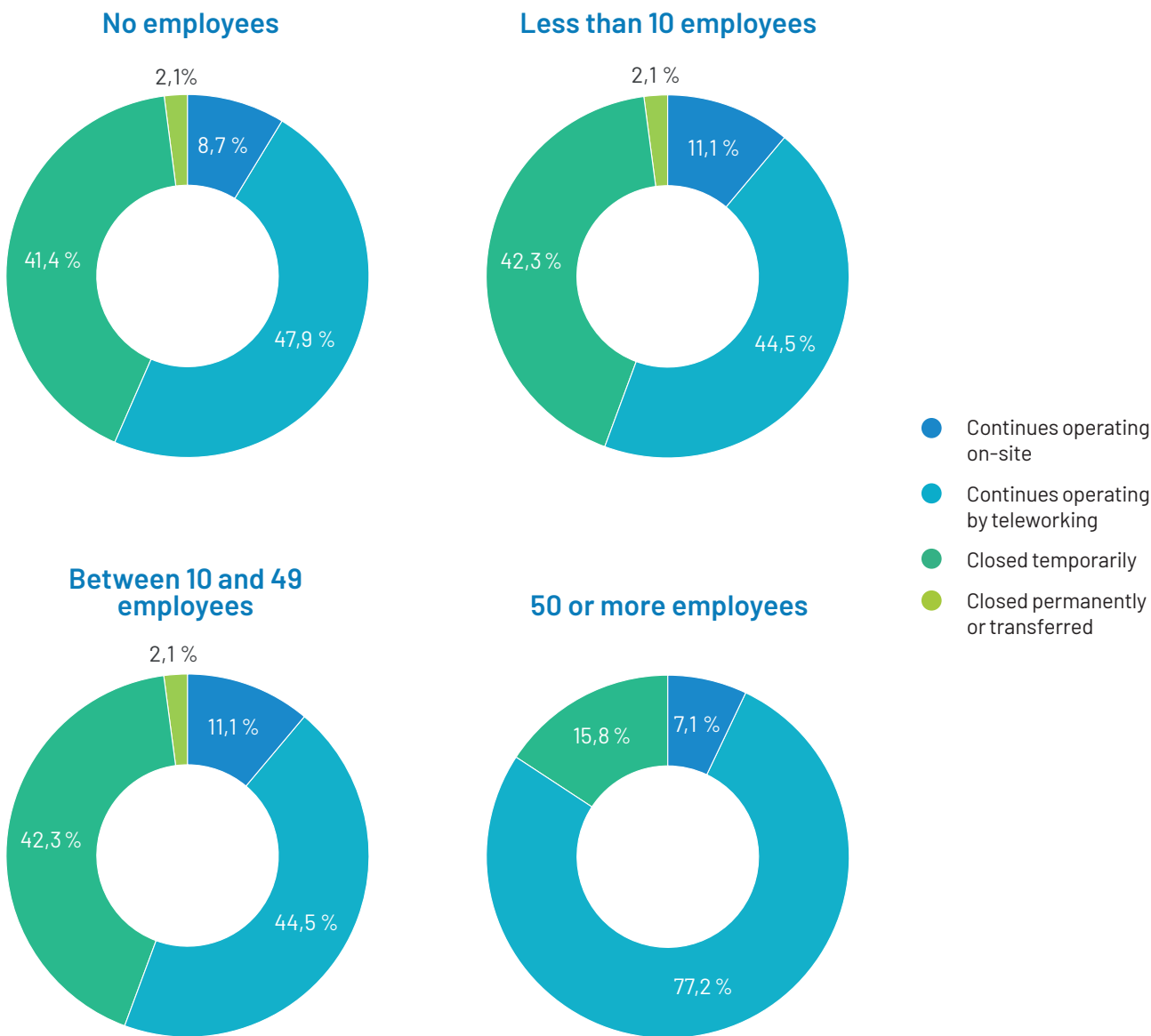
(2%). On the other hand, 66% have been forced to paralyse their operations.

The least affected activities are those in the area of services to enterprises, although most of them have been carried out via telework (75%), and primary activities, which are the ones that have most resisted on-site (51%). The industrial sector has remained 72% active.



Almost 50% of the self-employed, and with less than 10 employees, have paralysed their activity. The decision not to reopen their business has been greater (2%). Larger activities have resisted better to closing down, operating by teleworking at 77%.

35% of the entrepreneurs who were starting new activities have paralysed their plans, and 4% have already abandoned the idea. On a positive note, it is highlighted that 61% of these initiatives continue their development process.



# How demand has been affected

A third of the companies have had no demand in the period of the analysed state of alarm, as their activity remains closed. On the contrary, 10% have seen their demand increase considerably. Changes in demand have affected all companies equally, regardless of size.

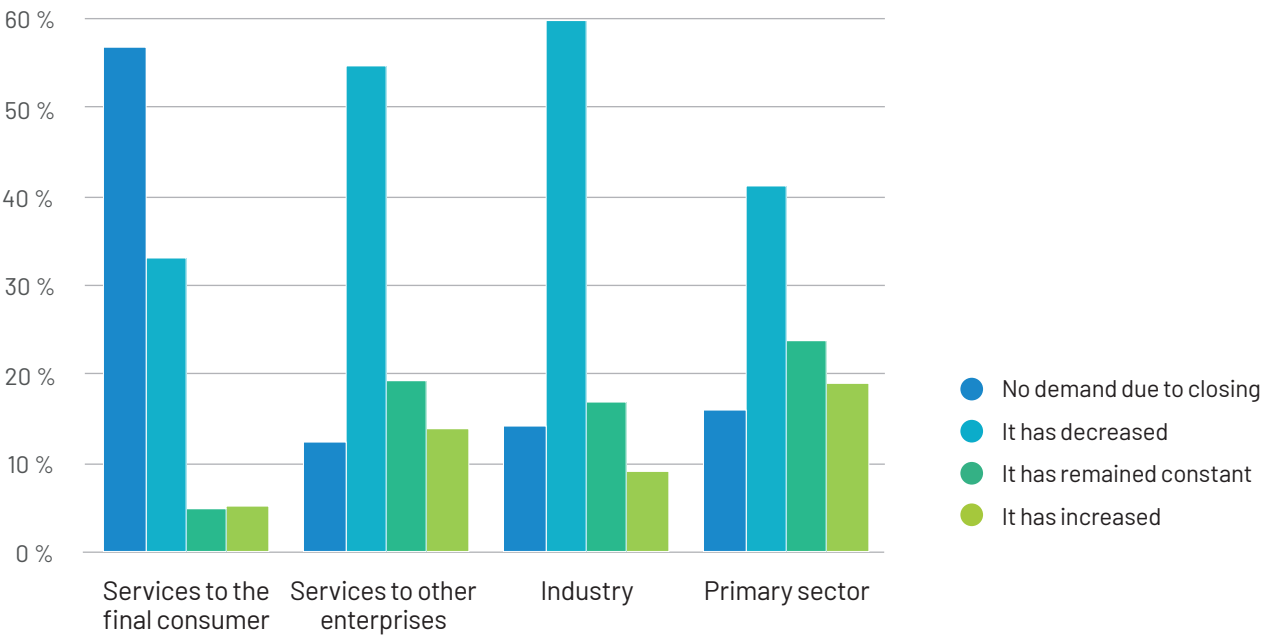
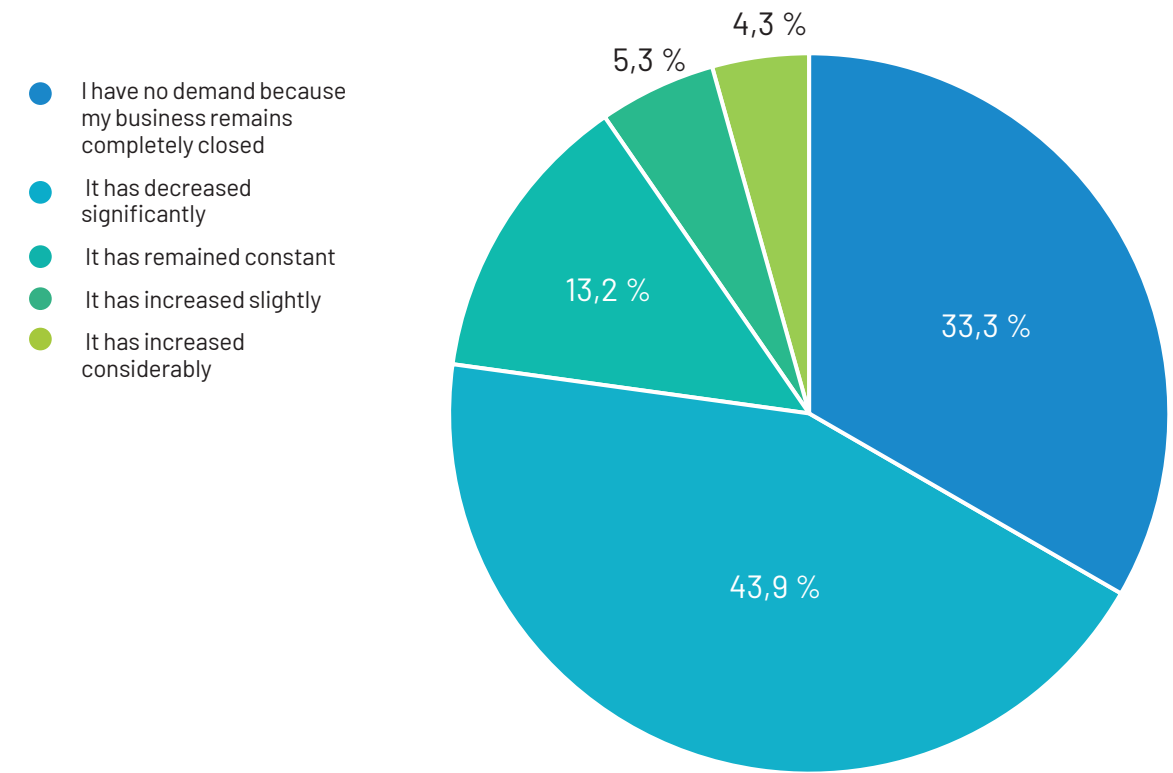
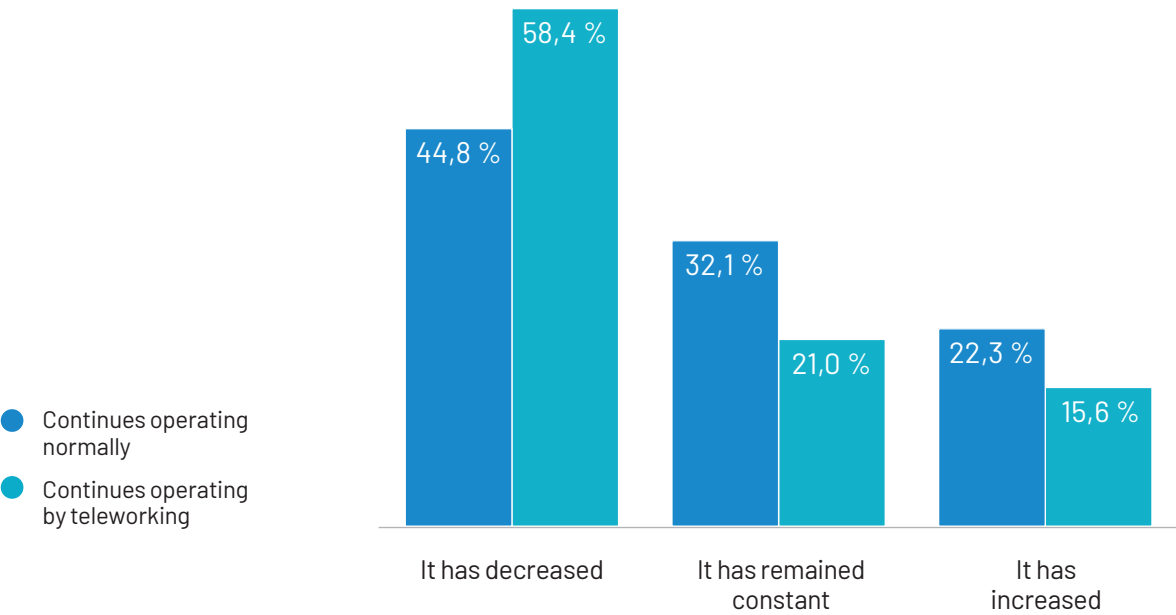
54% of the companies that have continued with their activity normally have managed to maintain the demand for their goods and services, and even 22% have experienced an increase.

However, those that continue operating thanks

to teleworking have seen, by almost 60%, how their demand has decreased significantly.

The sector most affected by cessation of activity has been the services to the final consumer sector. 57% were without demand due to temporary or permanent closure.

Among those that have maintained their activity, the industrial sector and the services to other enterprises sector have seen their demand most affected during the pandemic, having been reduced by 60% and 55% respectively.



# How employment has been affected

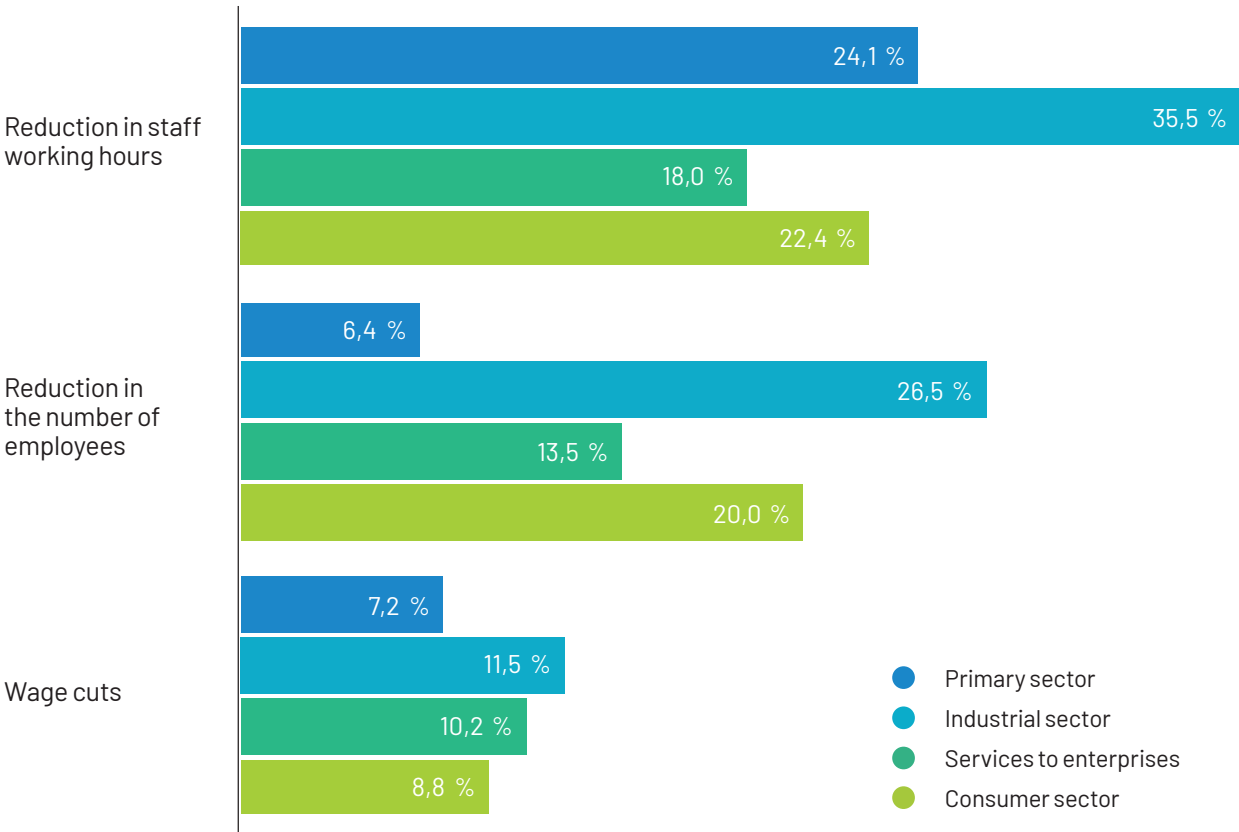
**Note:** 40% of the companies were temporarily closed. The measures are for those that have continued operating in the period analysed.

The impact of the COVID-19 crisis on employment and working conditions in the companies of the sample indicates that: in activities of the industrial field (where most activity has been sustained), it is where emergency labour measures have been adopted to a greater extent (reduction in working hours, reduction in the number of employees and wage cuts), with the consumer services sector being the second most affected. In general, larger companies have maintained their jobs the most, mainly by reducing hours.

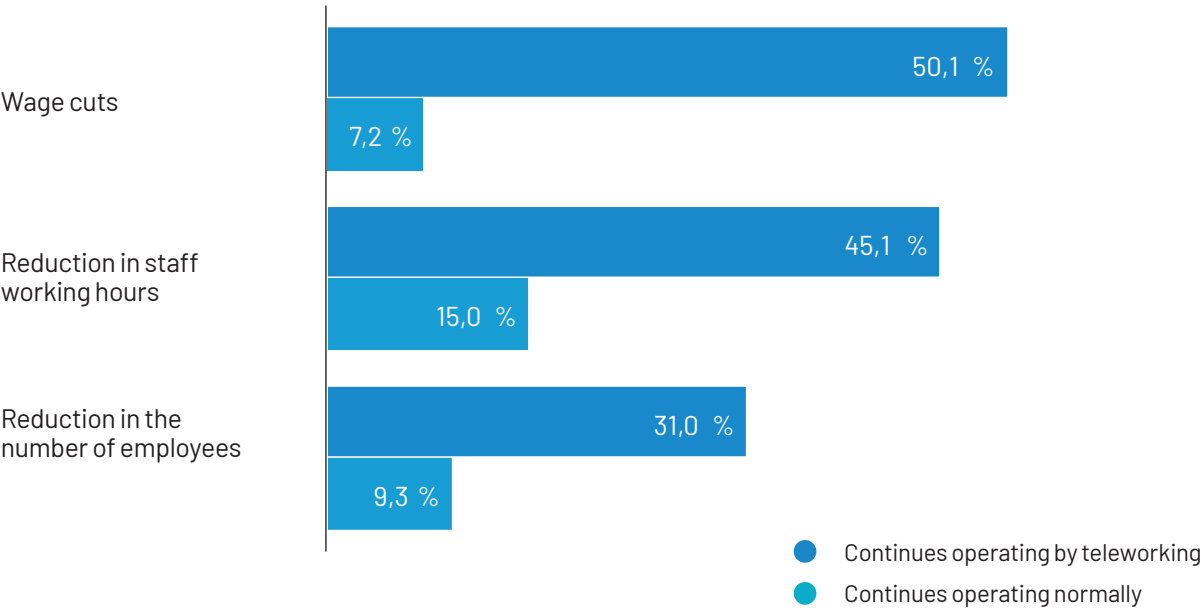
41% of companies have initiated ERTes (Temporary Lay-off Plans), with almost 80% of these produced in non-essential sectors, with special emphasis on services to the final consumer (62%) or in companies with fewer employees.

Among the companies that have been able to maintain their activity through telework, there has been a high incidence of a reduction in the number of employees (31%), working hours (45%) and wage cuts (50%).

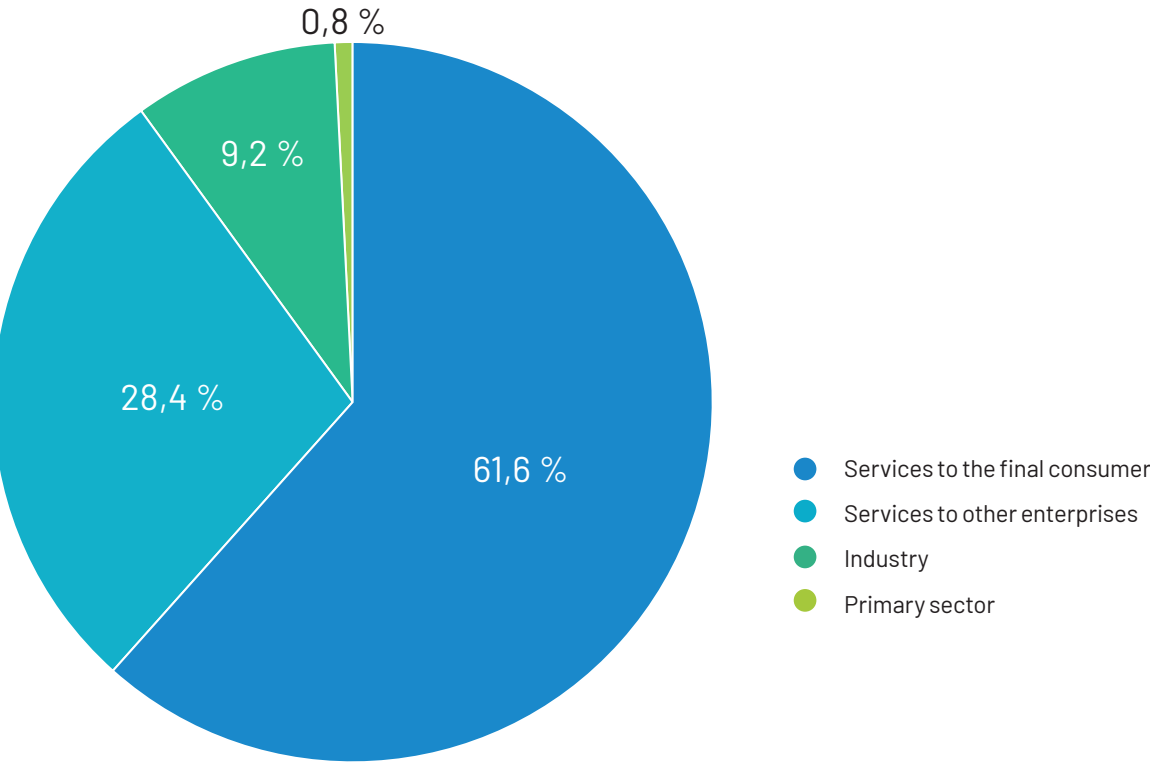
Emergency measures adopted on employment by sector



Emergency measures adopted on employment for those that continue operating normally



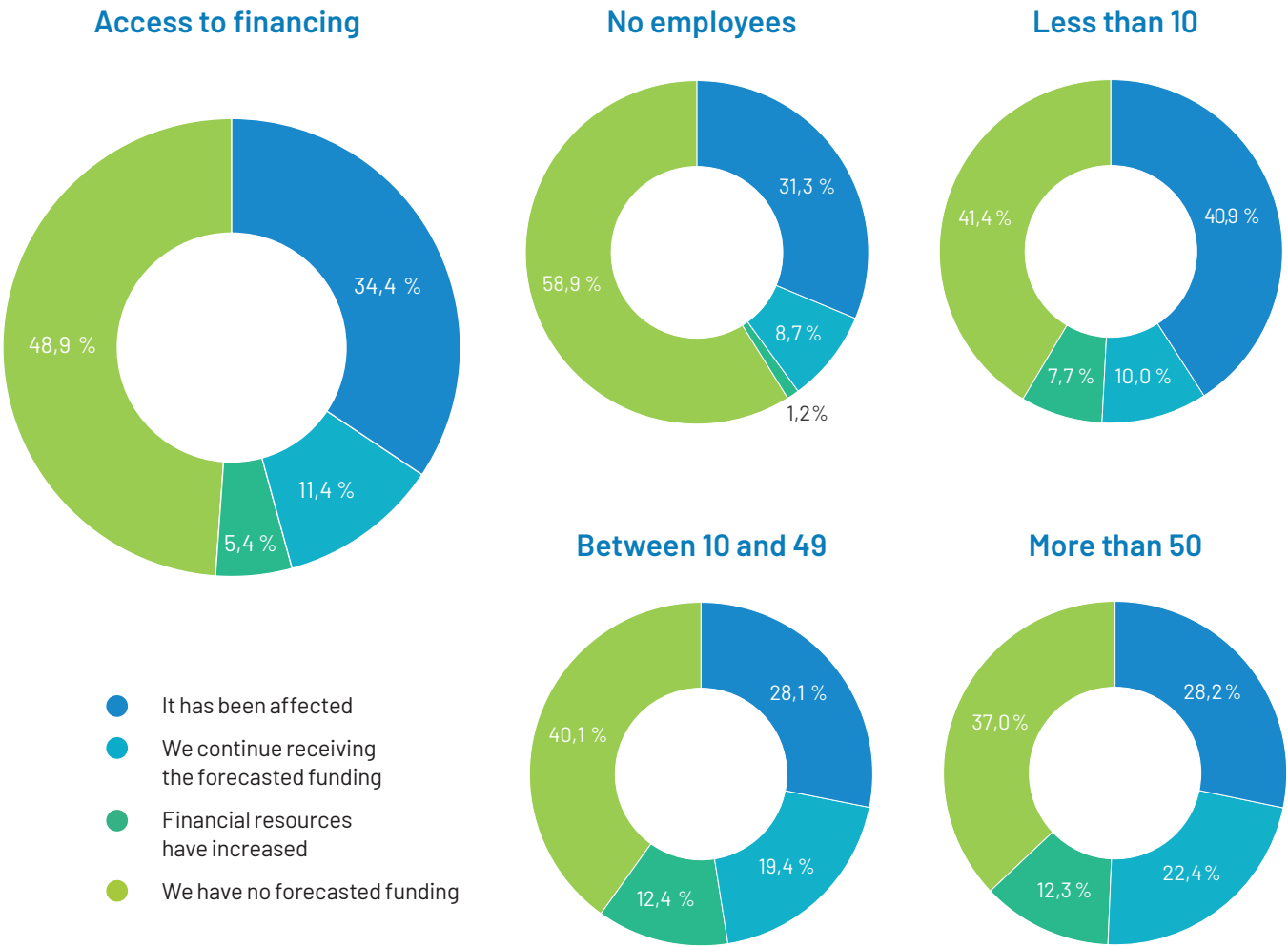
ERTE





# How has access to financing been affected

One in three companies has reported that its access to financing has been affected, 41% in the case of those with less than 10 employees. 11% stated that they continue receiving the forecasted funding: 19% for those with 10 to 49 employees and 23% for more than 50 employees. 6% of companies have increased their financial resources: 1% in the case of self-employees and 12% in those with between 10 and 49 employees. Almost 50% of companies did not have any type of forecasted funding, a percentage that rises to 60% in the case of the self-employed.





# Emergency measures taken by companies in the financial field

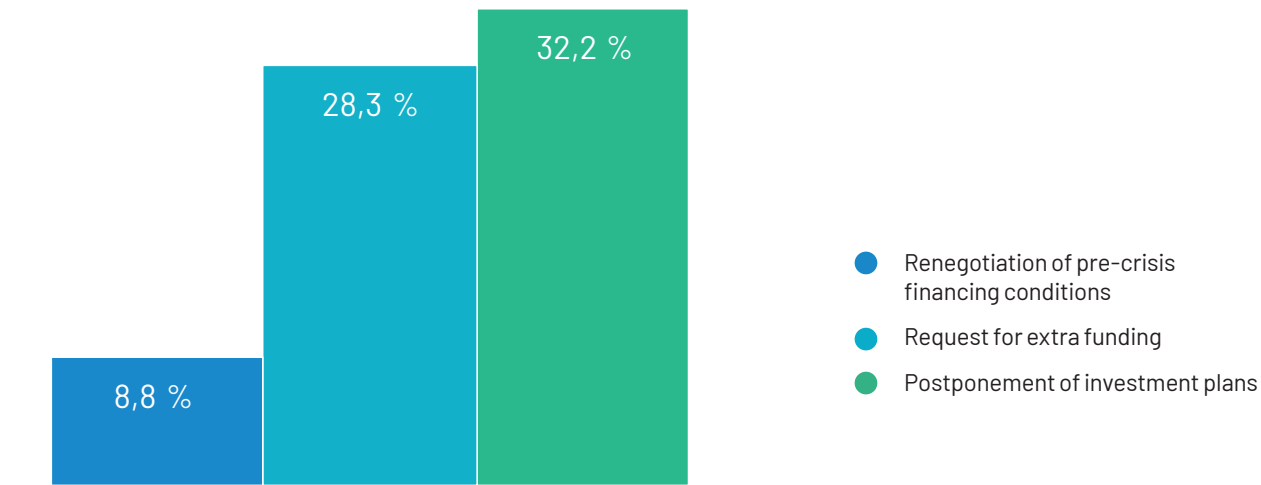
Postponement of investment plans is the most frequently adopted immediate measure. 32% have paralysed their investment plans and 28% have requested extra funding.

In those activities of the industrial field, where generally greater investments are required, practically half have postponed their investment plans, and this is the sector in which it is increasingly recognised that financing conditions are being renegotiated.

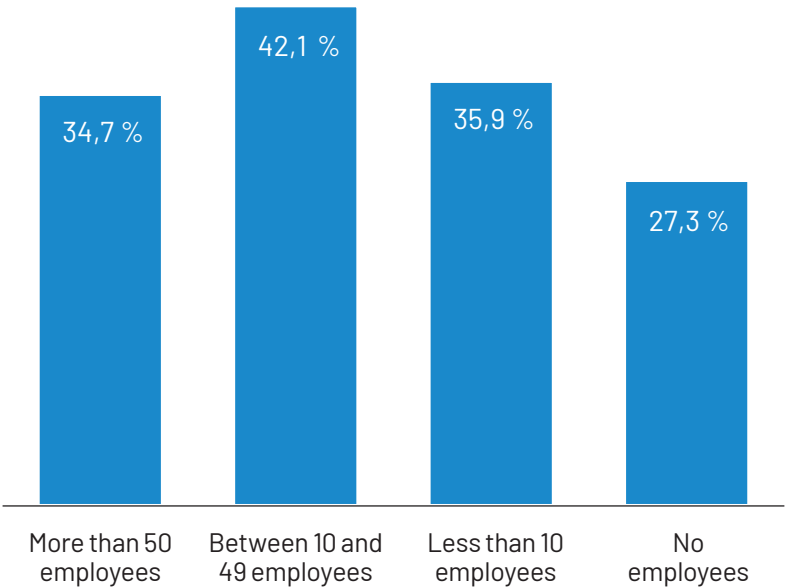
Activities aimed at the final consumer are the ones that have least requested extra funding. One in four has chosen to focus on postponing investment plans, renegotiating financial conditions and debt with suppliers.

By activity dimension, the largest companies (45%) have come to request extra funding and to renegotiate their loan conditions (24%). Greater limitations of action are clearly shown among the self-employed and those with less than 10 workers.

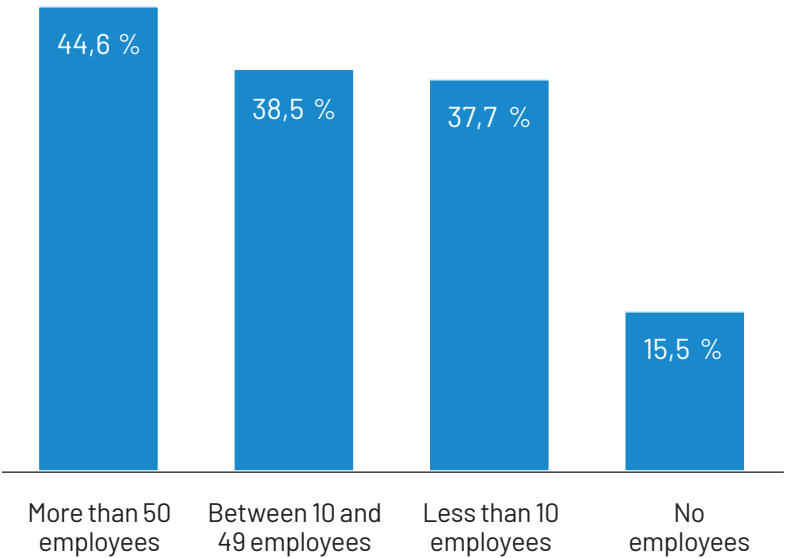
Medidas de urgencia tomadas en el ámbito financiero



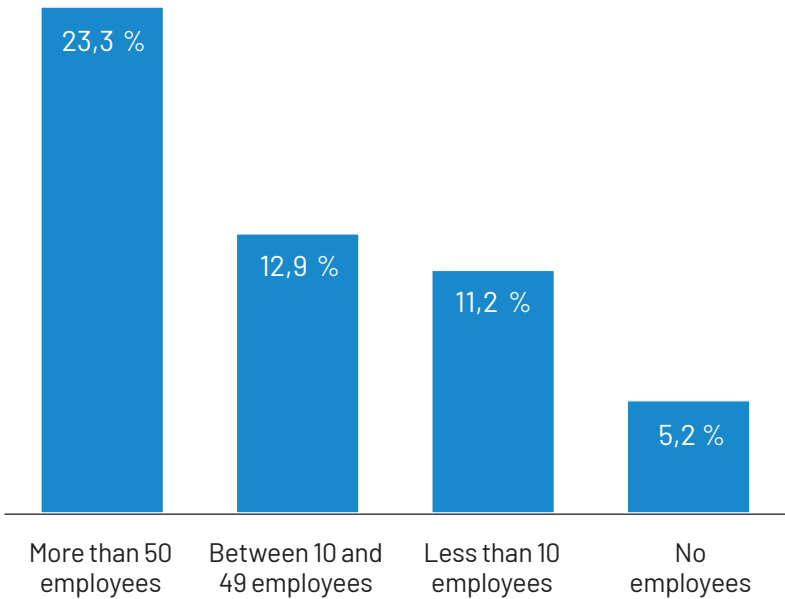
Postponement of investment plans



Request for extra funding



Renegotiation of pre-crisis financing conditions



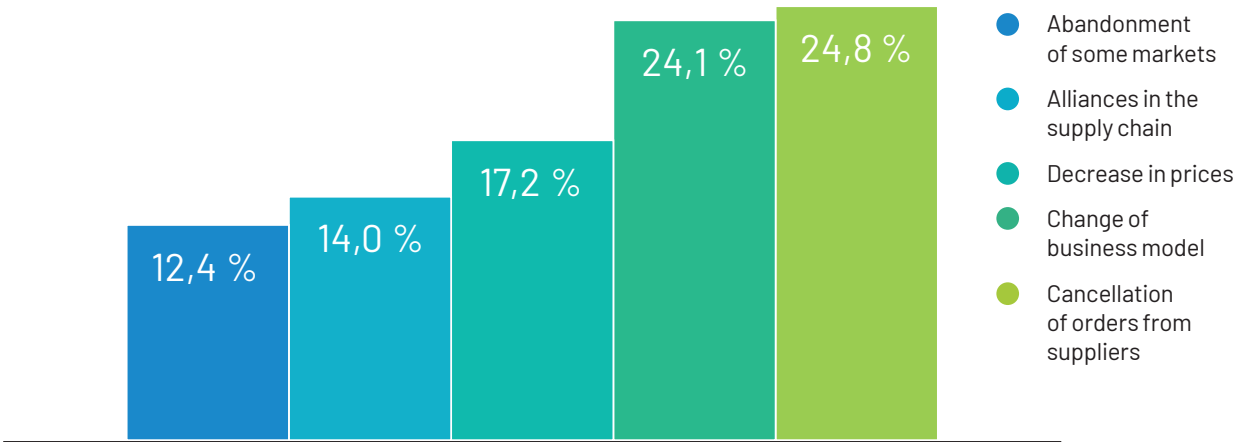
# Emergency measures taken by companies within the value chain

One in four activities admits having had to change their business model and cancel orders from suppliers. In addition, 17% have reduced prices, 12% have had to give up part of their markets, and 14% have reached agreements with suppliers to manage the supply chain.

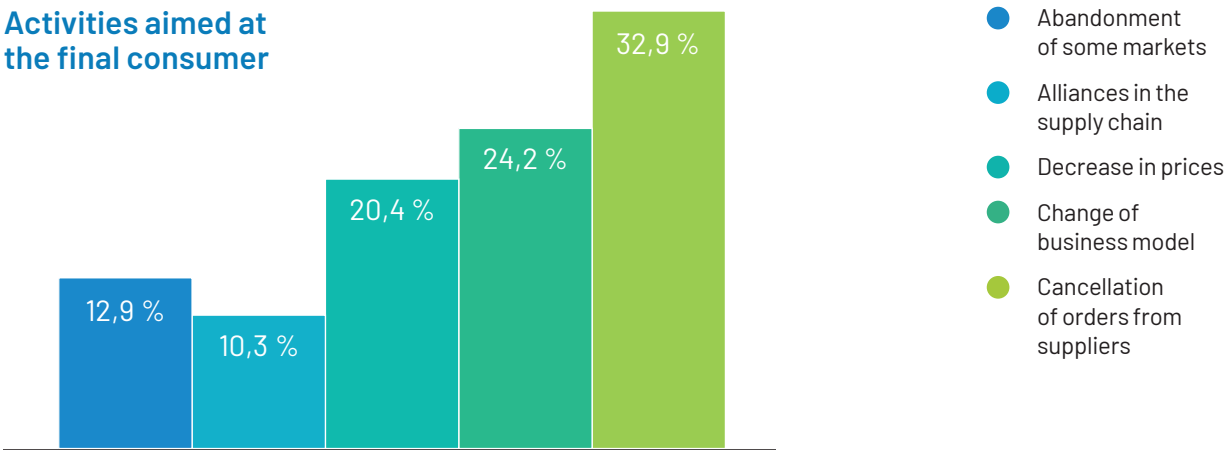
Considering business size, companies with less than 10 workers and self-employment are the activities that have had to change their business model the most in order to adapt to the circumstances.

In particular, those activities aimed at the final consumer are the ones that have most clearly had to cancel orders from suppliers(33%)and opt for a decrease in prices(20%). In addition to services to enterprises activities, they are also the ones that have changed their business model in a greater percentage (24-25%). On the other hand, primary sector activities have most resorted to alliances in the supply chain which they belong to (23%).

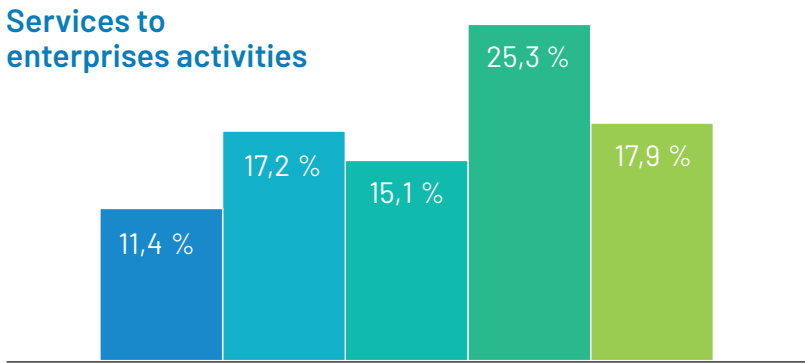
Urgent measures taken in the value chain



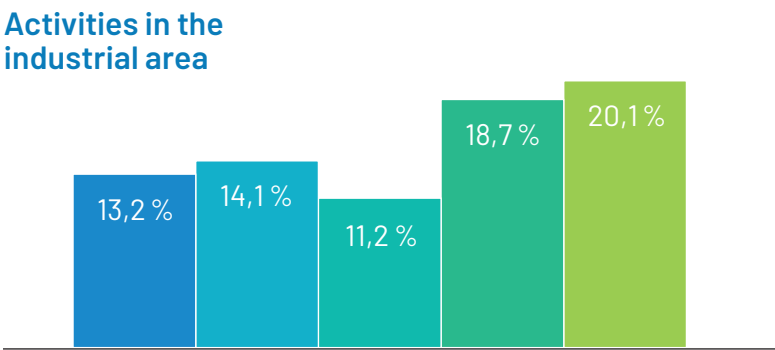
Activities aimed at the final consumer



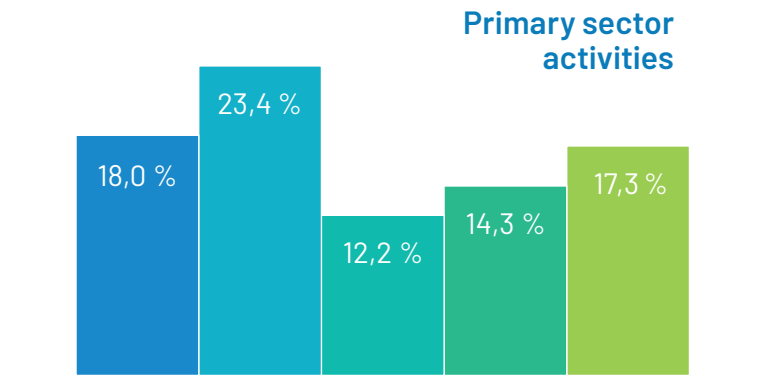
Services to enterprises activities



Activities in the industrial area



Primary sector activities

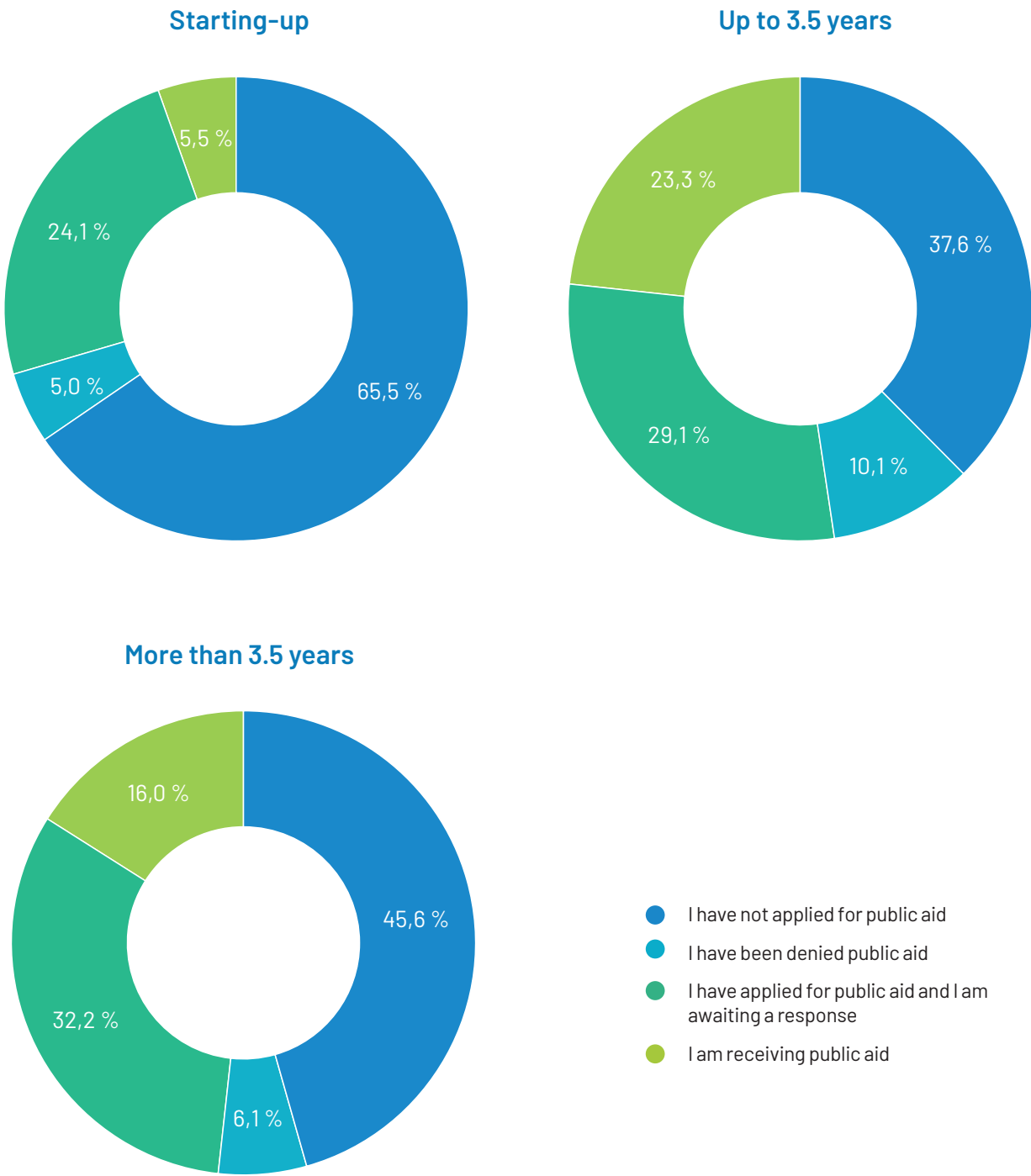
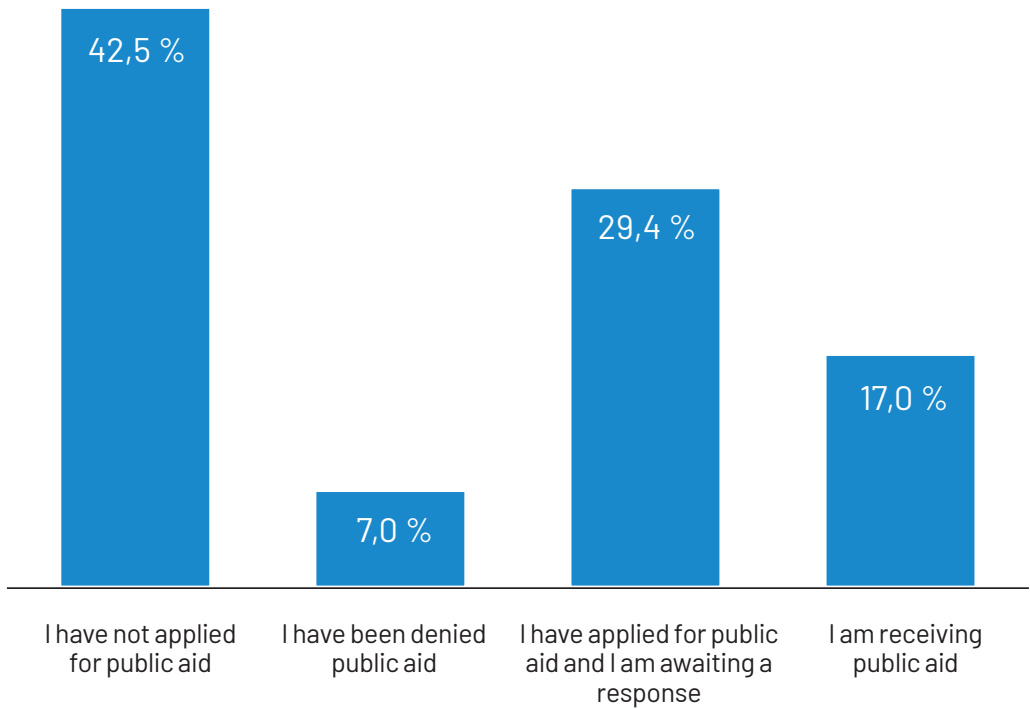


# Requesting and receiving public aid

Almost 50% of companies do not receive public aid directly. In 43% of cases they have not been requested and 7% state that they have been denied. Furthermore, 30% of companies are waiting for a response to their request.

- **Business start-up phase:** More than 65% of entrepreneurs in the initial start-up phase have not applied for aid. Entrepreneurs in the development phase, up to 3.5 years old, is the group, in percentage terms, that has received the most public aid.
- **Current situation of the activity:** Those businesses that have decided not to continue with the activity show a denial rate that triples the rest of the groups.

## Reception of public aid

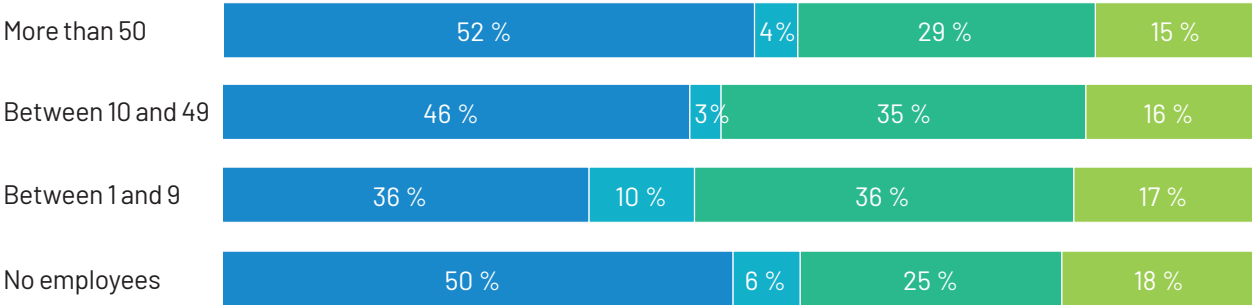


1. SITUATION AFTER 50 DAYS OF THE STATE OF ALARM

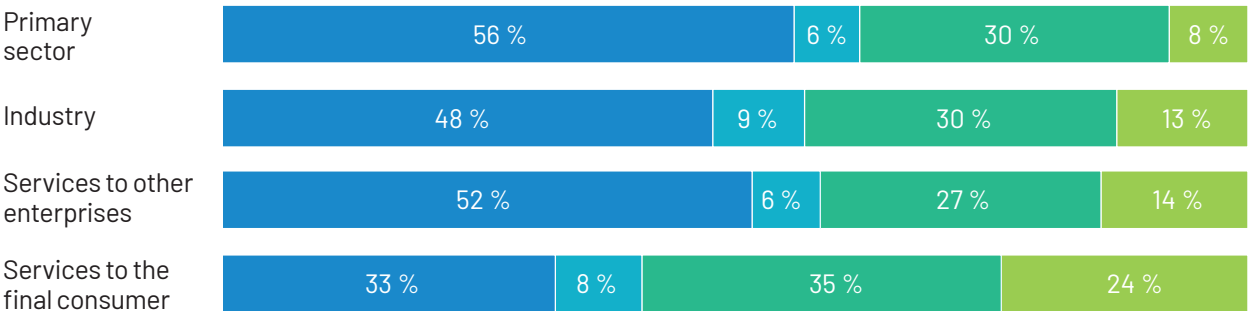
**By company size:** Self-employment and businesses with 50 or more workers (the smallest and largest ones) request less public aid than medium ones. The highest percentage of denial to the self-employed and micro-businesses is highlighted.

**By activity sector:** The primary sector is in percentage terms the one that less aid requests and less aid receives. At the other extreme are services to the final consumer, which are the most demanding of public aid.

Reception of aid by company size



Reception of aid by sector



- I have not applied for public aid
- I have been denied public aid
- I have applied for public aid and I am awaiting a response
- I am receiving public aid

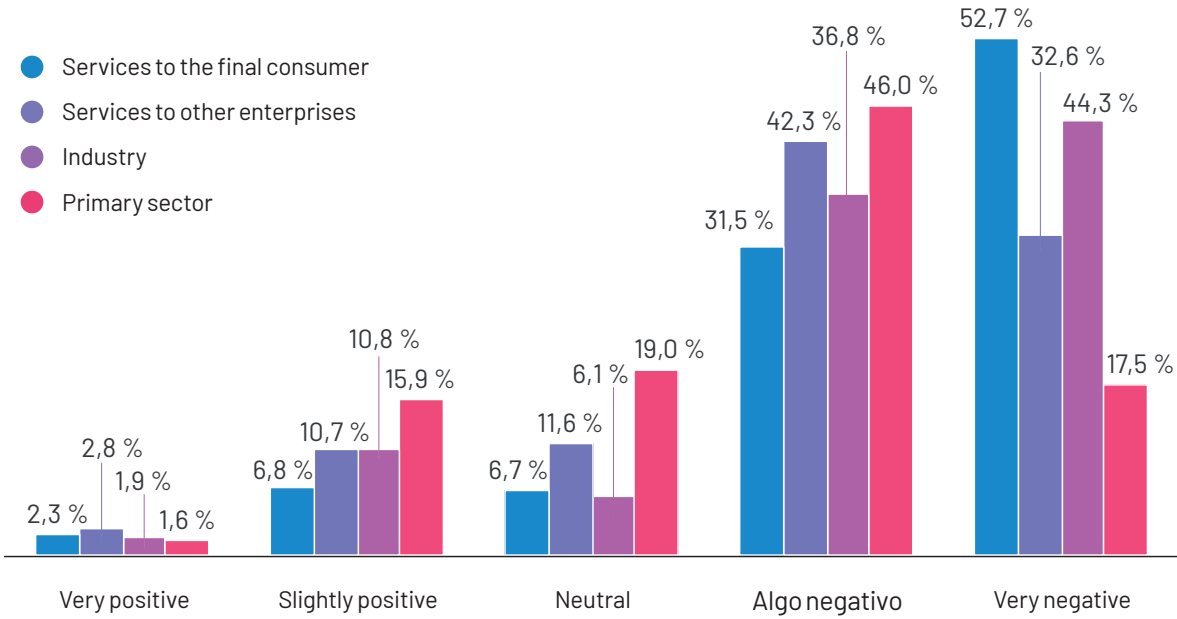
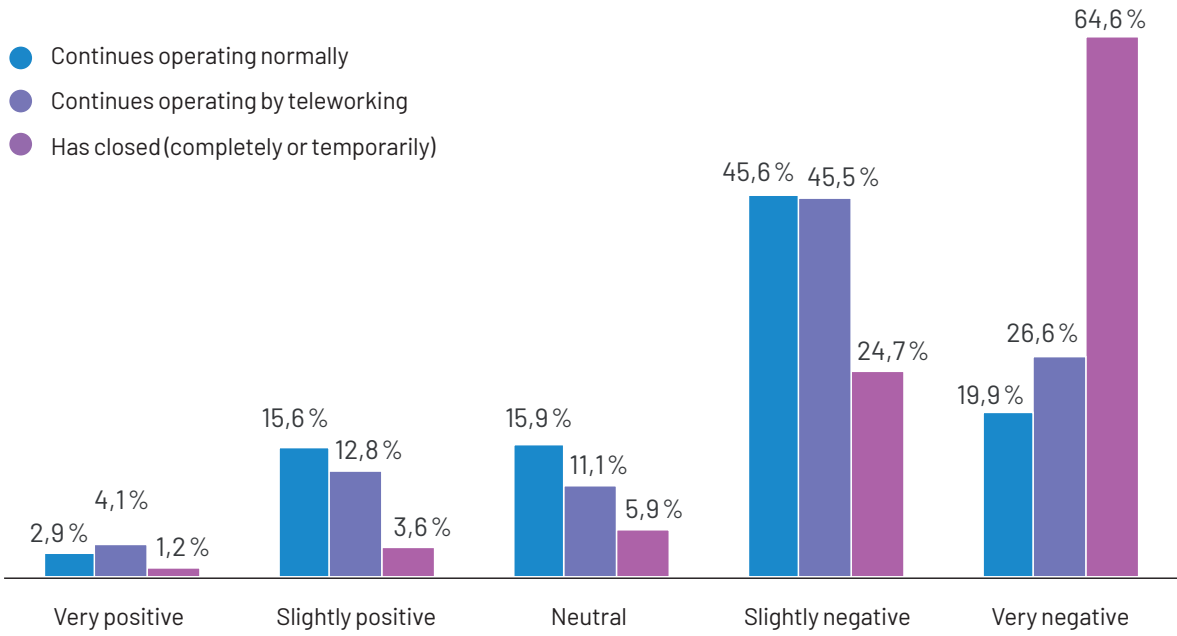
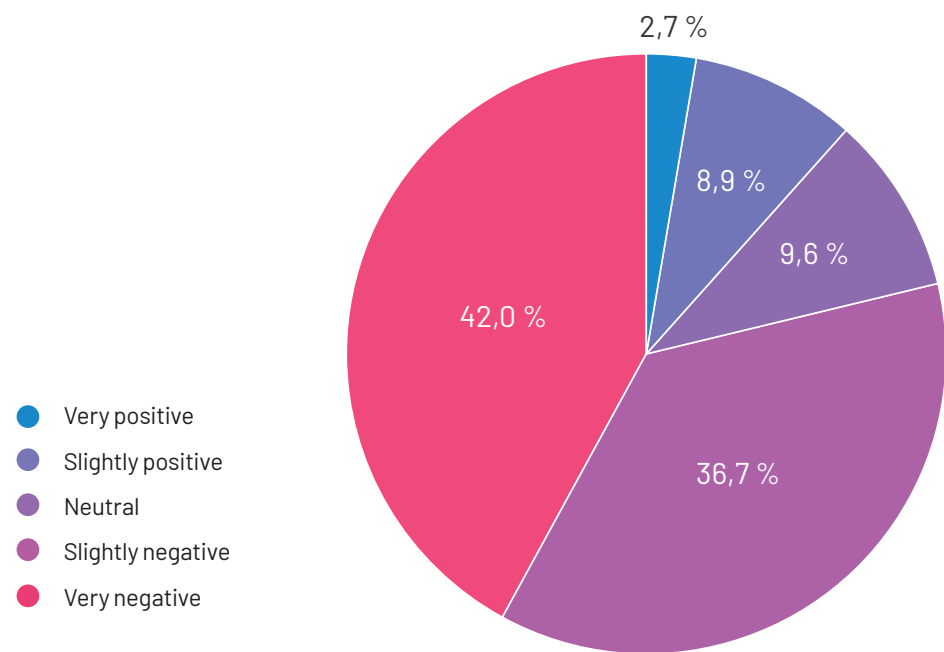
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FUTURE PROSPECTS



# Expected impact in the next 6 months

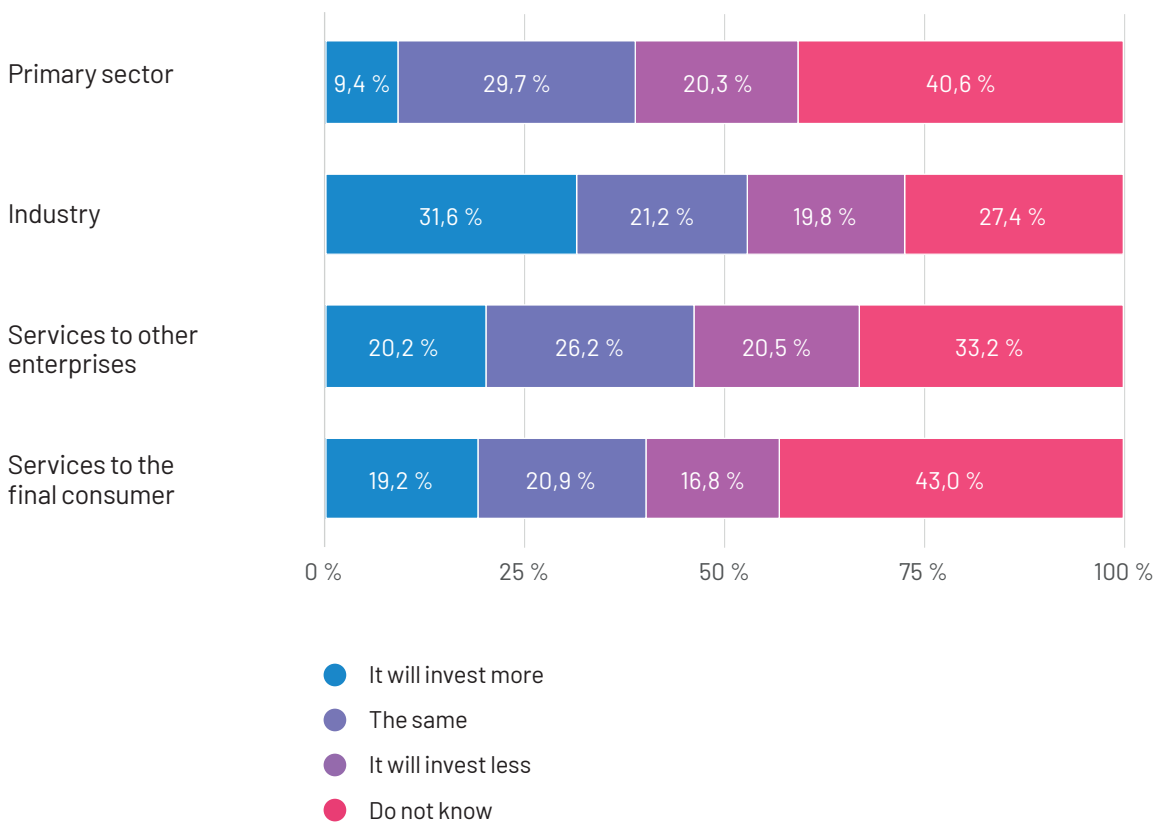
- In general, prospects for the near future are not very positive, especially among those that have had to close during the lockdown period. Almost 7 out of 10 believe that the impact on their business will be very negative in the next 6 months.
- Despite continuing with their activity, those that continue thanks to teleworking are slightly less optimistic, with 27% believing that their impact will be very negative.
- 47% of companies with less than 10 employees expect a very negative impact in the next 6 months.
- 83% of companies over 3.5 years old perceive a negative or very negative impact on their activity.
- The youngest companies perceive less impact. 37% of those that are starting a business do not believe that they will have a negative impact in the next 6 months, and even 18% are confident that it may have some positive impact.
- The sector that expects to have a stronger negative impact is the final consumer services sector, followed by the industrial sector. 53% and 44%, respectively, believe that the impact in the next 6 months will be very negative.
- On the contrary, the primary sector is not the most pessimistic in its short-term predictions, only 17% believe that it will be very negative.



# Short-term private investment prospects

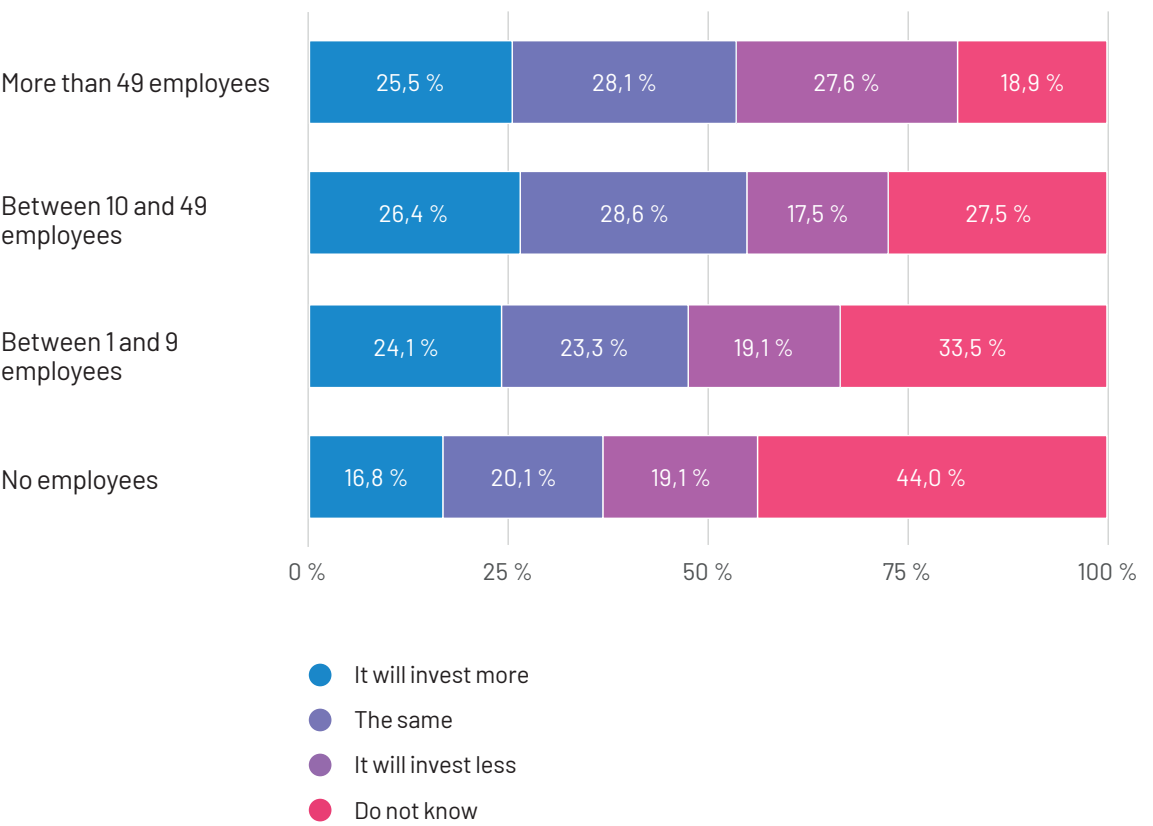
The industry sector has the most optimistic view regarding the future role of private investment. The opinion of more than half is that private investment will be maintained or will increase. On the other hand, in the primary sector and in the sector of services to the final consumer is where the most uncertainty is perceived or that private investment will get worse. One in five entrepreneurial people who operate in the sector of services to enterprises maintains some hope for an upward trend in private investment.

Private investment forecast by size



Larger companies (those with more than 49 employees) and small companies (up to 49 employees) have a more optimistic view regarding the future role of private investment. Microenterprises (up to 10 employees) are less optimistic about private investment increasing and the self-employed group is the most sceptical regarding the role that private investment will play to overcome COVID-19.

Private investment forecast by size

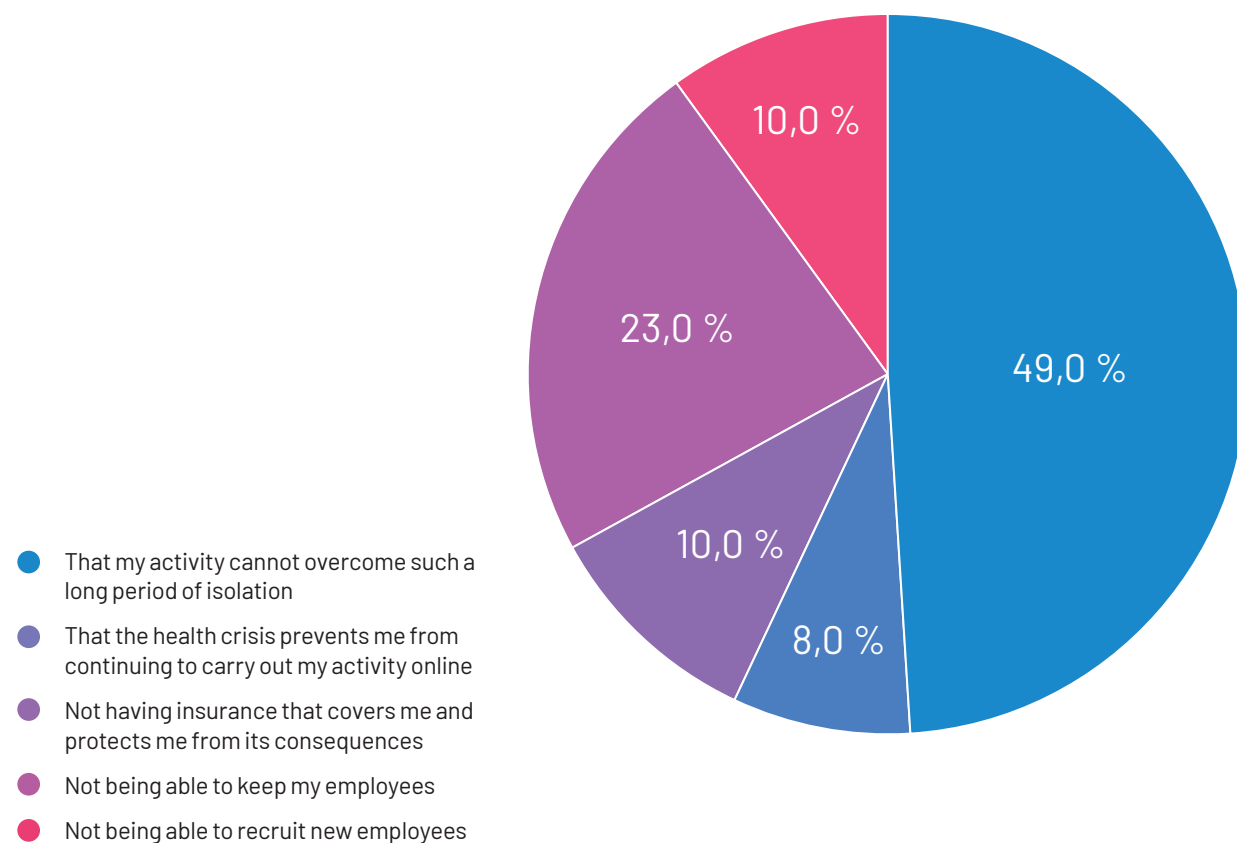


# The greatest concern associated with the impact of the crisis

In general terms, regardless of the sector and size of the company, the major concern of companies due to the effects of the crisis has been related to their ability to withstand the lock down period (this is pointed out by 1 in 2 businesses).

In addition to survival, the second major concern is being able to keep staff (23% of the companies surveyed).

## Immediate concerns



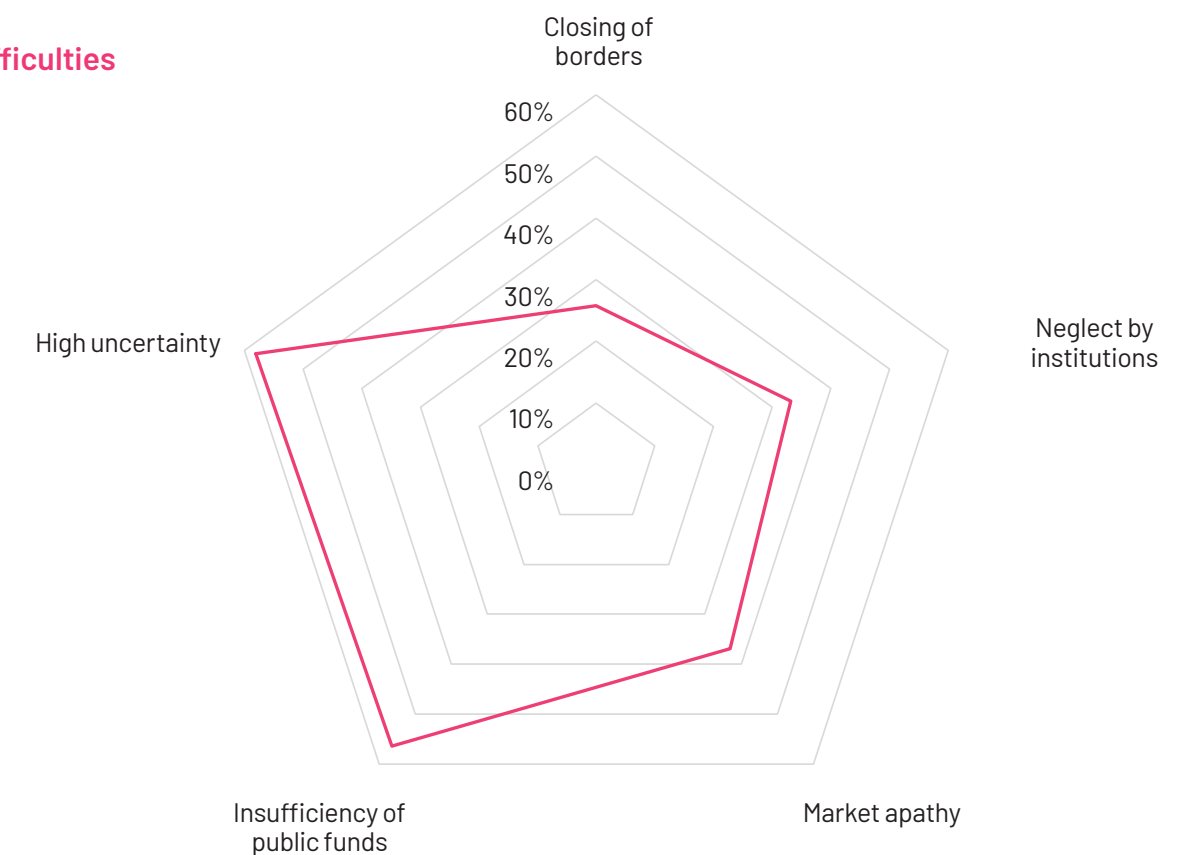
# Key difficulties in the following months

Companies with no more than 50 employees are particularly concerned about the fear of risk taking, low public resource forecasting and market apathy. Specifically, one in four self-employed people considers that public funds are insufficient to deal with COVID-19.

Large companies (more than 50 employees) are concerned about the current high barriers to the development of their international activities.

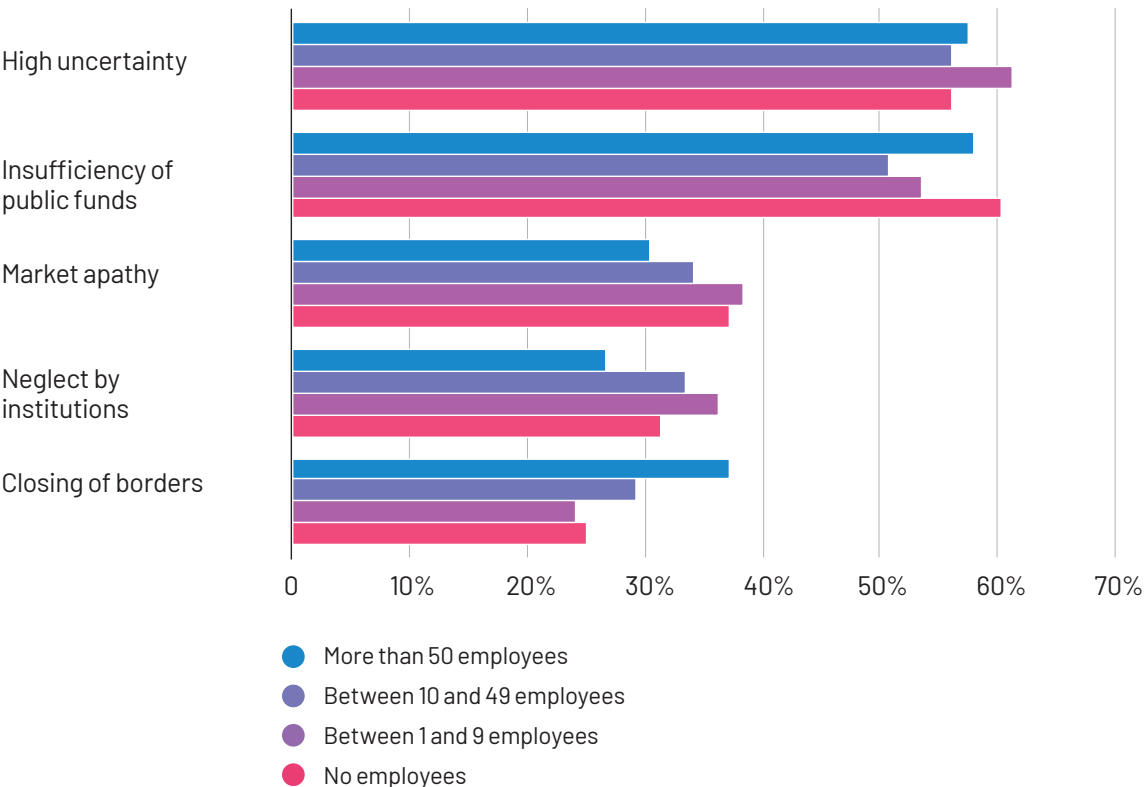
Service companies are concerned, like smaller companies, about the fear of taking risks, the forecast of scarce public resources and market apathy. Industrial companies also highlight being neglected by institutions and the presumed damage that the closing down of borders will cause them. Primary sector companies emphasise the insufficiency of public funds and being neglected by institutions.

## Difficulties

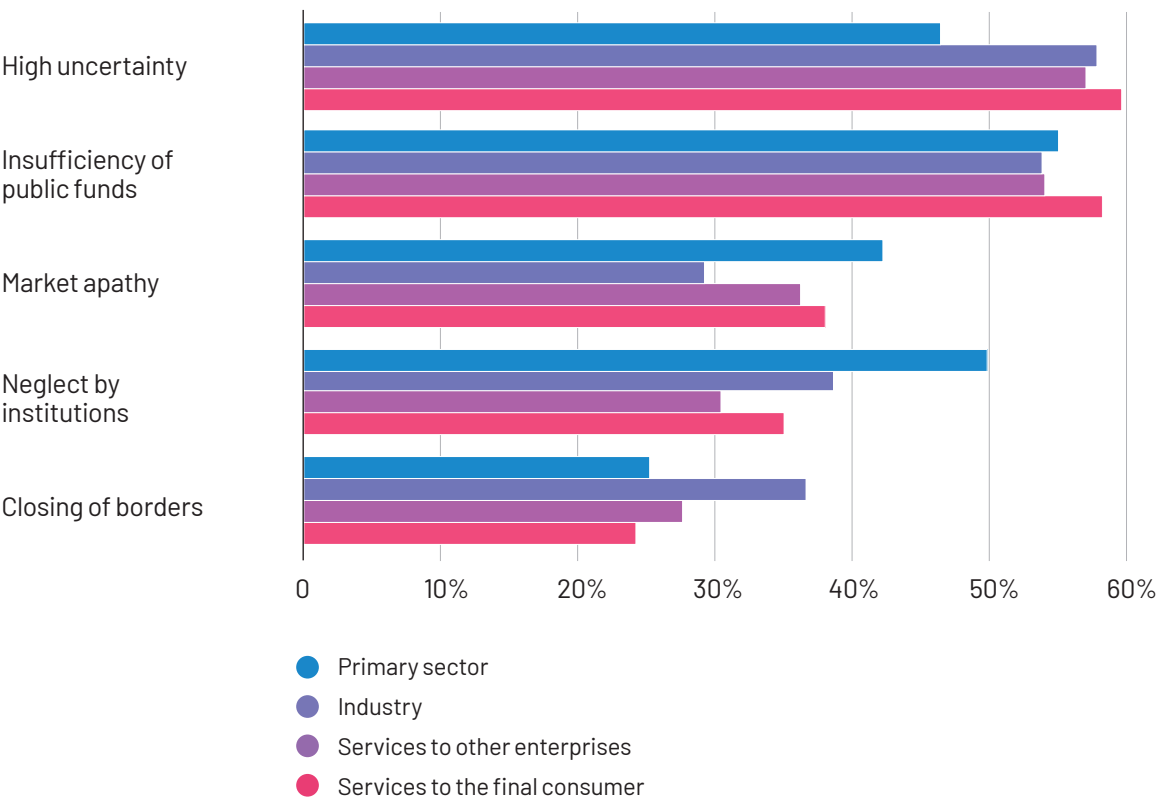


## 2. FUTURE PROSPECTS

### Difficulties depending on company size



### Dificultades según el sector



## 2. FUTURE PROSPECTS

# One-year business plans

### Staff reduction

Those companies that have closed temporarily point out that there is a high probability of planning to reduce staff (43%).

On the contrary, no more than 20% of those which have continued operating normally or by teleworking express these plans.

### Business expansion

Those companies that have continued operating by teleworking have a higher percentage of high predictions of launching new products and services (58%), as well as looking for new customers (57%).

### Requesting aid and subsidies

More than 50% of the companies that have closed temporarily anticipate that they will most likely request subsidies, as well as 46% of those which have been operating by teleworking.

### Changes in activity/transfers/closing down

11% of companies which are closed temporarily see that it is quite or very probable to change activity, 15% to close down or transfer their business.

Those companies that have continued operating by teleworking or normally do not reach 5% of these predictions.





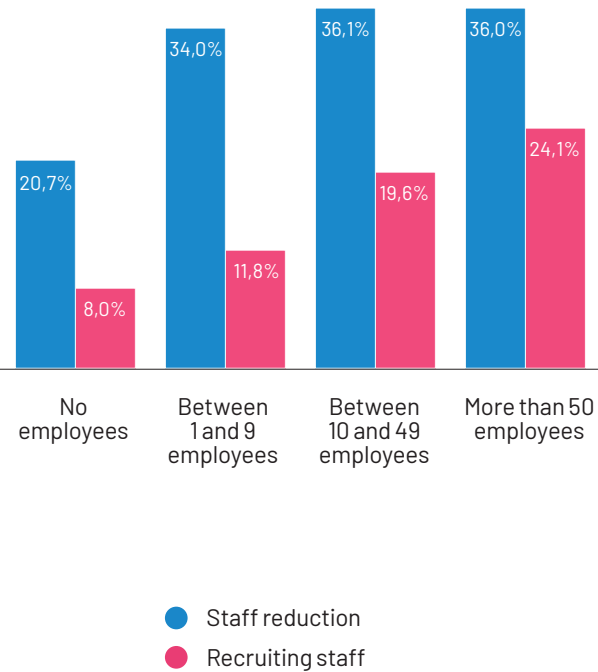
# One-year business plans: employment

Approximately one in three companies predicts that there is a high probability of reducing staff one year after the crisis.

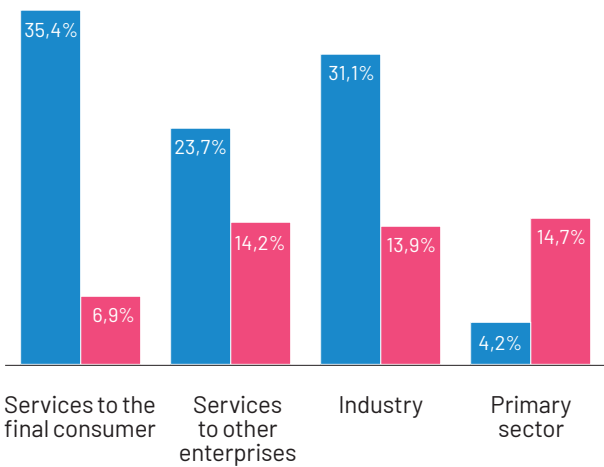
A high percentage of companies consider that recruiting staff in one year is unlikely, although the larger the company, the higher the prediction of recruiting staff in that period. In this regard, 24% of companies with more than 50 workers consider it quite or highly probable to recruit staff. In the case of the self-employed, these predictions drop to 8% and in micro-SMEs to 12%.

By activity sectors, the most pessimistic predictions regarding recruiting staff are for the final consumer services sector, since only 7% of companies see this as highly probable, that is, half of the companies of that in other sectors, which are about 14%. Regarding reducing staff, it is also the services to the final consumer sector where there are a higher percentage of companies that see a great probability of reducing staff (35%), compared to the primary sector, where only 4% of companies believe that this is highly likely to happen.

Employment plans by company size



Employment plans by sector



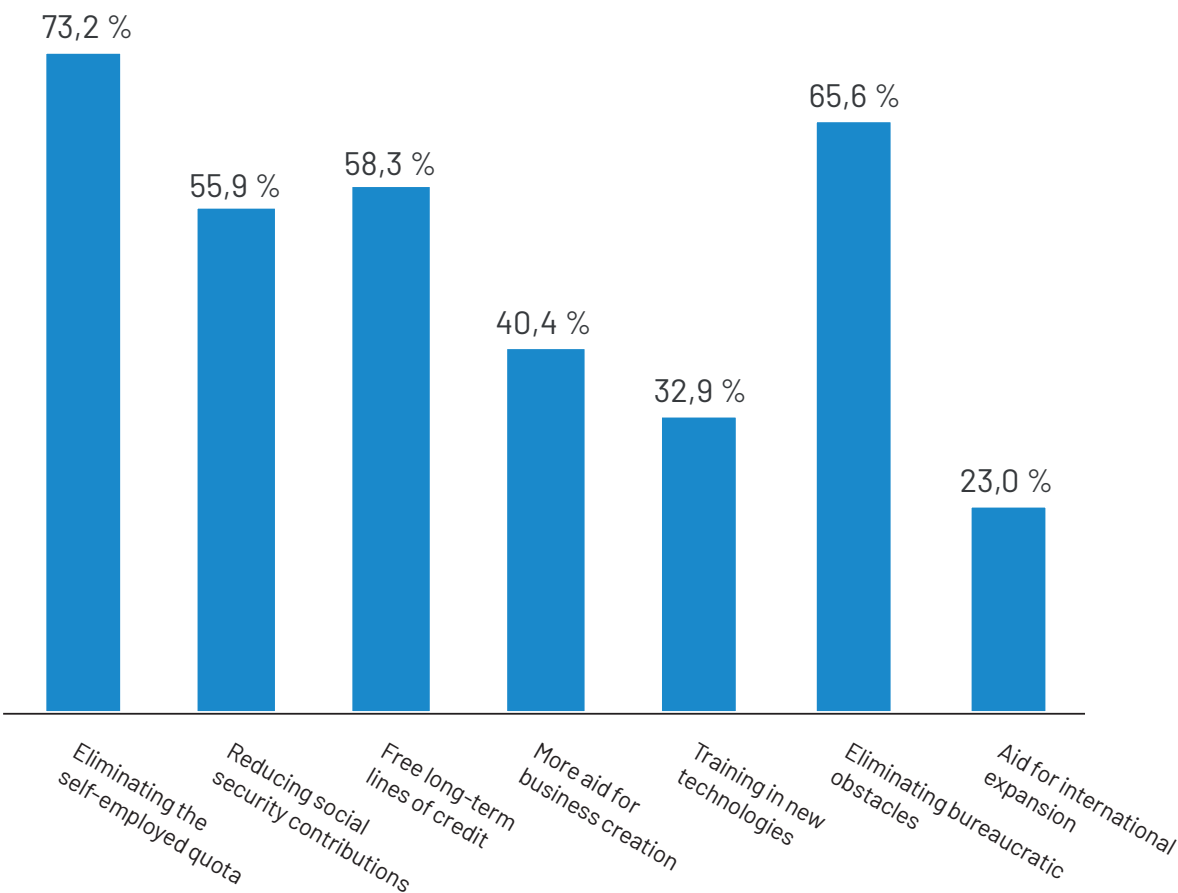
# 3.

## REQUESTED MEASURES

# Requested measures from the public administration

The most requested measures by the business community are to eliminate both the self-employed quota for 1 year (73%), and bureaucratic obstacles (65%). 58% demand soft financing and 56% reducing Social Security contributions. Programmes that support new companies (40%), training in new technologies (33%) and aid for internationalization (23%) are given less importance.

Requested measures from the public administration

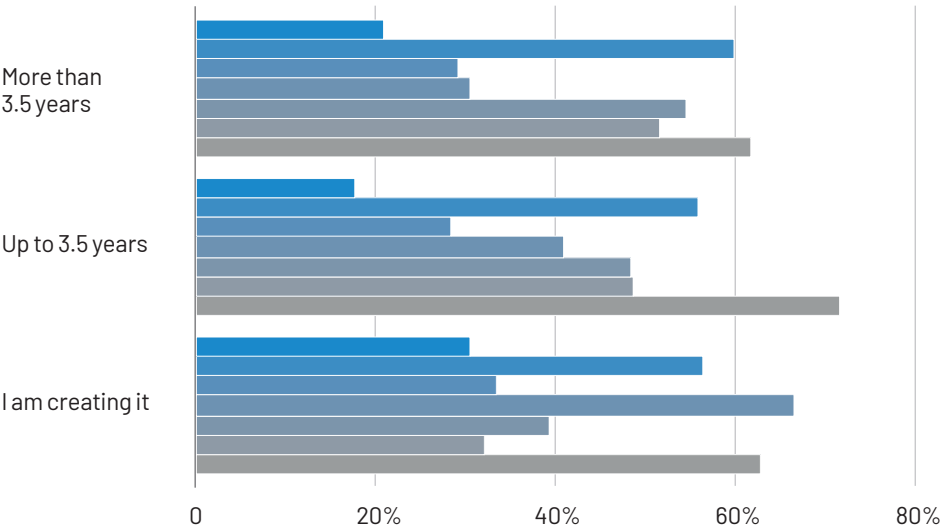


3. REQUESTED MEASURES

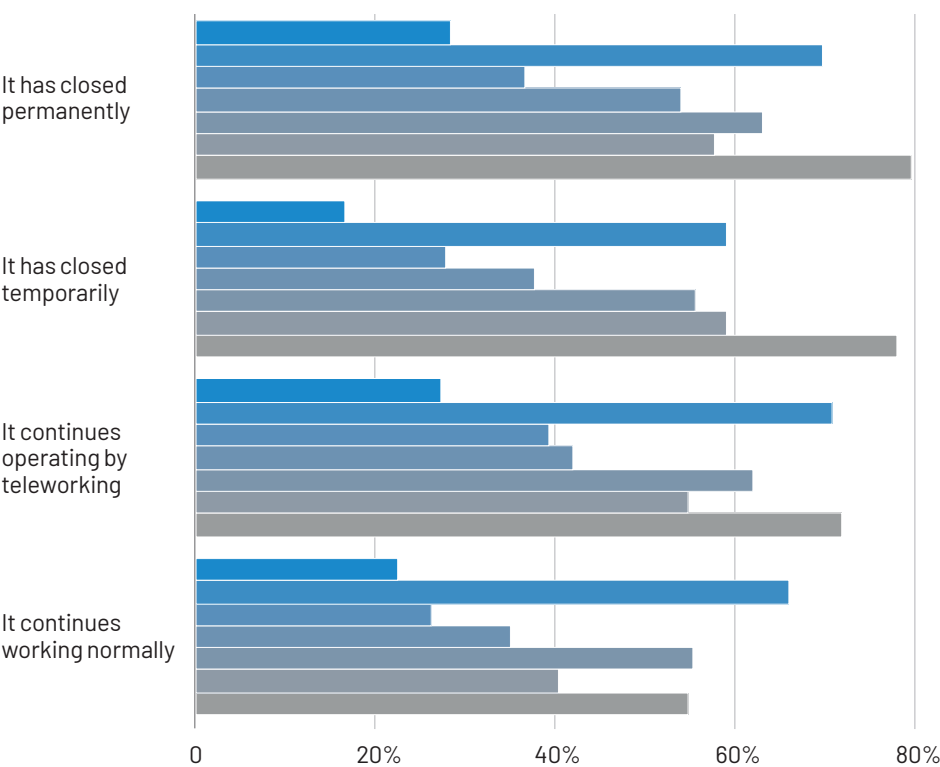
**Situation of the activity:** The group that gives the most importance to aid for business start-ups is precisely the one that has closed. Those that have temporarily closed request lower social contributions. Businesses that continue working demand less bureaucratic obstacles and eliminating the self-employed quota.

**Business phase:** The group of entrepreneurs in the initial phase requests more aid for business creation. Entrepreneurs with businesses of up to 3.5 years old and consolidated demand eliminating the self-employed quota temporarily and bureaucratic obstacles.

Start-up phase



Situation of the activity



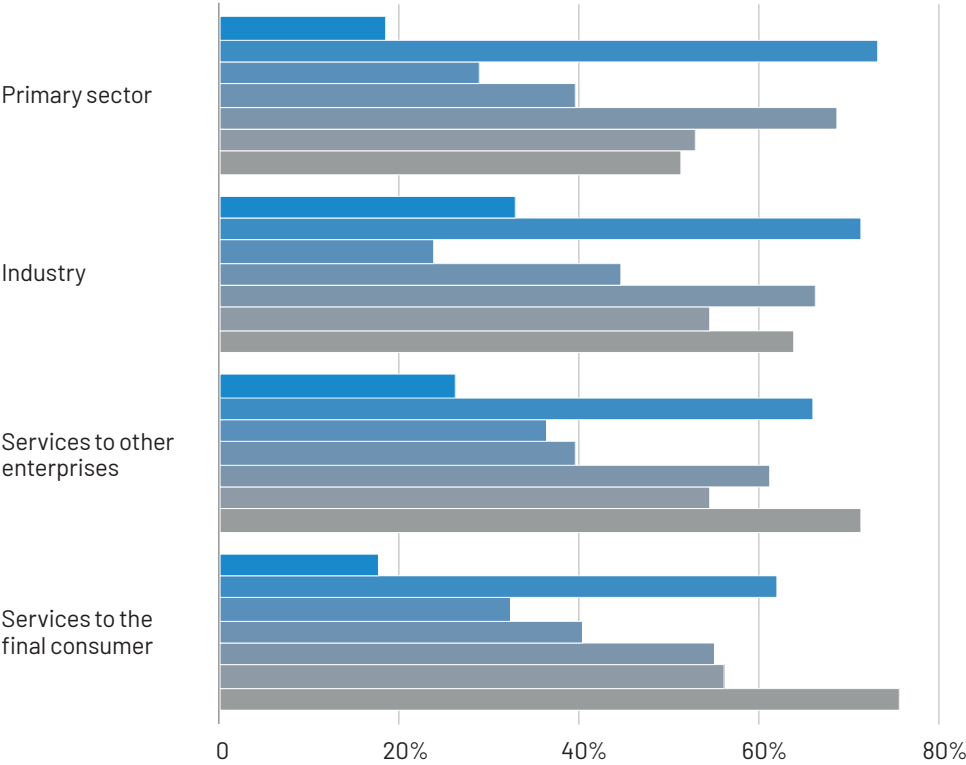
3. REQUESTED MEASURES

**Sector:** The services sector mainly requests a temporary elimination of the self-employed quota. The industry and the primary sector essentially require the elimination of bureaucratic obstacles and soft financing. The industrial sector is the one that gives more comparative importance to business creation and internationalization programmes.

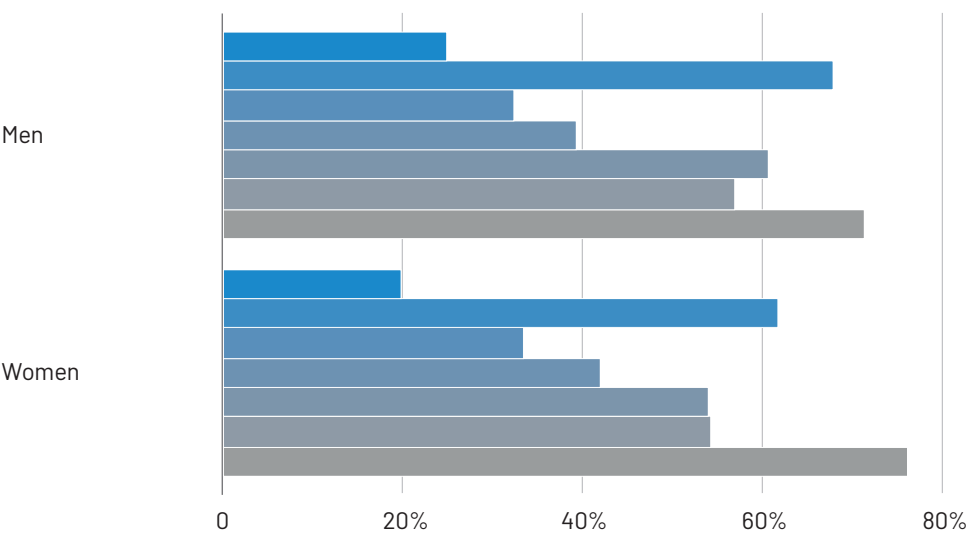
**Gender:** Both men and women basically request a temporary elimination of the self-employed quota and the elimination of bureaucratic obstacles.

Women give more importance to support for entrepreneurship and men value support for internationalization more.

Sector



Gender





4.

## RECOMMENDATIONS

**The final recommendations in this section derive from the results of the survey carried out by the Spanish Entrepreneurship Observatory, aimed at entrepreneurs at an exceptional, critical and unprecedented moment, with permanent consequences still to be determined.**

Since the state of alarm began on March 14, we have all had to adapt to the current situation, and companies have not remained unaffected by this circumstance. Uncertainty, the impossibility of planning for the coming months, the regulatory changes with immediate application, the almost weekly scenario changes and the short reaction time to adapt to these scenarios, have made entrepreneurs and their companies deal with a situation which could never ever have been imagined. It is fair to acknowledge the effort and commitment of all of them in order to move on and continue generating employment and offering their services to society.

Currently, the great challenge is to reactivate demand and supply so as to return to a path of normality as soon as possible (reactivation) and at the same time, to re-create an entrepreneurial ecosystem, with new pillars and dynamics, less vulnerable, more articulated, more innovative, more resilient and responsive to new social needs (transformation).

In conclusion, we highlight a set of final recommendations and priority challenges, which in our opinion, are essential to tackle.

## REACTIVATION

- 1. BUSINESS DEMOGRAPHY:** COVID-19 has affected all sectors and companies of all sizes, but especially all of the youngest and smallest ones. It is obvious that exceptional and ad hoc measures will continue to be necessary to stop the drain of companies closing down (which under normal conditions have proven to be competitive), but this should not be done at the expense of ceasing to stimulate the creation of new ones (especially those that best fit into a new normality, with more social impact).
- 2. EMPLOYMENT:** The negative impact of the reduction of employment, ERTes and wage cuts have been generalized, but extremely higher in micro-enterprises. Future scenarios will most certainly involve organizational changes and changes in ways of working, which will continue to affect employment. The prediction of unemployment figures that has been made by different organizations will require shock measures. All this calls for a great debate on the future of work and a profound adaptation of support programmes for entrepreneurs.
- 3. CERTAINTY ENVIRONMENT AND ADMINISTRATIVE AGILITY:** The current crisis has generated an understandable environment of uncertainty and regulatory changes, without a clear horizon, in which companies have had to make decisions with little reaction time. In this new stage of re-activation, it is essential for administrations to redouble their efforts to create a stable environment and speed up the process that companies follow in order to adapt to the situation

(public aid and paperwork requested). The real empowerment of e-administration, in all areas, and the unification of digital standards in all administrations, must be a priority that cannot be postponed.

- 4. INTRA-ENTREPRENEURSHIP, RE-ENTREPRENEURSHIP AND NEW SYNERGIES:** The recovery will demand more entrepreneurs with organizational and innovative capacity to generate collaborative and open innovation within a framework of social innovation. New synergies are required between the entrepreneurial, corporate and academia ecosystems, promoting more spin-offs and spin-ins. COVID-19 has caused the closure of companies, forcing many to reinvent themselves. This encourages a better use of (intra) entrepreneurial skills and re-entrepreneurship.
- 5. DEMAND AND BUSINESS OPPORTUNITIES:** The lack of a clear horizon has created a huge gap in expectations, both at a social and business level. The loss of income in families and the resulting decrease in consumption, together with an increased risk of default, require new financial and fiscal measures that favour the reactivation of demand (social insurance plans and debt relief). Companies will have to rebuild their business model – if they have not already done so – and for this they will need, especially the smaller ones, guidance in showing new opportunities and new business models.
- 6. NEW FINANCING FORMULAS:** As a complement to the financial formulas designed by the group of mutual guarantee societies (guarantees and endorsements), traditional financial institutions (facilities for credit lines) and public administrations (subsidy programmes), the use of new practices (crowdfunding, advance consumption bonds, social impact contracts, etc.) should be encouraged. These measures should be tailored to the circumstances of different business sizes, urgently injecting liquidity into the system and facilitating investment and restructuring plans, especially relevant in activities that have been paralysed the longest.

To follow the six reactivation recommendations, speed, more experimentation in administration and more significant networking are important, all in order to generate a greater sense of certainty and control of the future.

## TRANSFORMATION

- 7. NEW HYBRID FORMULAS AND CO-INVESTMENT:** There are a variety of expectations – depending on the size and sector – on the availability of private investment and on financial, labour and fiscal support policies. Co-investment with other agents should be promoted (business angels and venture capital networks, hybrids of public purchase of innovation, new modalities of innovation incentives –tax relief for innovation).
- 8. NEW SOLUTIONS TO NEW PROBLEMS:** New solutions to new problems that the crisis has produced are required and also, a continuity to new innovative routines that have arisen and that are worth sustaining and protecting. It is recommended to focus on certain current strategic areas, which can generate new businesses and employment in the immediate future: creation of collaboration networks; innovative digital services; online services and experiences; collaborative work tools;

#### 4. RECOMMENDATIONS

offlineto onlinere tailservices; remotework and education and innovative social entrepreneurship.


It would be advisable to develop new innovation hubs focused on these and other fields. At the same time, the Sustainable Development Goals, which are just as relevant or more than before the current crisis, must be present in the new scenario, defining updated priorities and schedules.

**9. DIGITIZATION:** The crisis has made digitization a priority to meet the challenges and opportunities derived from the new economic reality. Infrastructure development and training in new technologies is an urgent need: we must enter the advanced and urgent phase of digitization.

**10. ENTREPRENEURIAL STATE AND ENTREPRENEURIAL UNIVERSITY:** The current challenges make public administrations, together with entrepreneurs and companies assume an active role in long-term strategic projects for regions, such as in emerging sectors in need of critical mass and technology as those mentioned above and others such as mutual aid and crowdsourcing, as well as open innovation. Business risk must be claimed from public administrations. Similarly, the COVID-19 crisis has shown the ability of the academia to offer solutions through new relationship models with the productive fabric. In line with the Entrepreneurial Universities model, a greater involvement in the role of policy proponents is necessary and their participation as co-promoters in strategic regional projects.

In the four transformation points indicated, a permanent feature should be greater self-empowerment (deploying new functions) and, at the same time, networking of all the agents of the entrepreneurial ecosystem, which should be more effective and free-flowing.





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