© *Investigaciones Regionales – Journal of Regional Research, 42 (2018) – Pages 53 to 74*
*Section* ARTICLES

# Public support for entrepreneurship, human capital and talent in the context of Spanish tourism

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**ABSTRACT:** The key challenges the Spanish tourism industry faces in the coming years are related to the necessity to promote and develop tourism activities based on entrepreneurship and its associated competitive advantages. This article submits a detailed and up-to-date overview of the contributory effects of governmental and public initiatives on entrepreneurship, human capital and talent in the tourism sector. This work also provides a regional analysis concerning entrepreneurial-tourism related public policies in Spain.

**JEL Classification:** L83; L26; H57; O38.

**Keywords**: tourism; tourism policies; competitivity; entrepreneurs; human capital.

## El apoyo público al emprendimiento, al capital humano y al talento en el ámbito turístico en España

**RESUMEN:** Los principales retos a los que se enfrenta el sector turístico español en los próximos años pasan por la necesidad de fomentar las actividades turísticas basadas en las ventajas competitivas asociadas con el emprendimiento. En este artículo se ofrece una visión detallada sobre la contribución que ha tenido hasta la fecha la administración pública en España en el fomento del emprendimiento, del capital humano y del talento en el ámbito turístico. En el trabajo también se analizarán las principales repercusiones a nivel regional de las políticas de apoyo público al emprendimiento turístico español.

**Clasificación JEL**: L83; L26; H57; O38.

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**Palabras clave**: turismo; política turística; competitividad; emprendedores; capital humano.

## 1. Introduction

During the last decades, tourism has become one of the most important economic activities for the Spanish economy, with a notable presence in terms of economic growth (measured in terms of GDP), employment and balance of payments. During the most recent years, the number of tourists and the revenue generated through non-resident tourists' expenditure have been growing uninterrupted, reaching record levels in 2017: 81 million tourists and close to 87,000 million euros of revenue [National Institute of Statistics (INE), Frontur and Egatur Statistics].

There is, therefore, no doubt that the Spanish tourist sector finds itself in a crucial moment which is reflected and enhanced by the fact that Spain leads the international ranking of tourism competitiveness. Nevertheless, in order to maintain this privileged and beneficial situation of the national tourism industry, it is essential that in the short- to mid-term both the Spanish public and private sectors are capable of confronting and ceasing the upcoming challenges and opportunities of the tourism sector. These challenges and opportunities are, for example, the forecasted gradual reduction in economic growth of the main European countries that compose the largest share of tourists in Spain; the increased political stability of other Mediterranean countries, who are direct competition of the Spanish tourism; the promotion of sustainable tourism which can enhance other tourism models (MICE, cultural or sporting tourism) that are different to the traditional national tourism model of beach and sun; or the expansion of the so-called collaborative economy tourism model, which is linked to the development of new technologies.

There is a wide agreement that in order to successfully tackle all these challenges, it is essential to prioritise the promotion of tourism activities based on the competitive advantages associated with entrepreneurship, human capital and talent (Aldebert, Dang and Longhi, 2011; Brookes and Altinay, 2015; Hall and Williams, 2008; Hallin and Marnburg, 2007; Hjalager, 2010; Li, 2008; Page and Ateljevic, 2009; Russell and Faulkner, 2004; Shaw and Williams, 2009; Xiao and Smith, 2007). The role that the public administrations are going to play in the promotion of these aspects is vital for Spain to maintain its position as an international tourism leader. For this reason, the principal objective of this article is to present a detailed overview of the contributory effects of past governmental and public efforts in the promotion of entrepreneurship, human capital and talent in the tourism industry. This work also provides a regional impact analysis of the results of the different public policies regarding Spanish entrepreneurial tourism.

The article is structured in the following manner. Firstly, after this introduction, the second section provides a general overview of the role that entrepreneurship, human capital and talent play in the tourism industry. This section also contains a description of Spain's basic tourism policy characteristics, as well as the support it provides for talent and entrepreneurs in the tourism industry. The third section of the article explores the main actions and efforts undertaken by public administrations to promote entrepreneurship and human capital in the tourism sector. It firstly describes the initiatives undertaken by the public sector that promote and support entrepreneurship in general. It then moves onto public programmes which are strictly concerning entrepreneurship in the tourism industry. The fourth section analyses the regional implications of the various policies that support and promote entrepreneurship in Spanish tourism. Amongst all the policies, the programme EMPRENDETUR, launched by the Spanish State Secretariat for Tourism (Secretaría de Estado de Turismo del Gobierno de España) is particularly important due to the high levels of financing and funding it has supplied to the sector. The article shall conclude with the fifth and last section, which presents a summary including the authors' final conclusions.

## 2. Entrepreneurship, human capital and talent in the tourism industry

### 2.1. Tourism, competitiveness and innovation in Spain: a general overview

Spain is currently amongst the global leaders of the tourism industry in terms of both number of inbound tourists and tourism expenditure (Fernández Alcantud, López Morales and Perles Ribes, 2016). In addition, it also ranks first in the Travel and Tourism Competitiveness Index, which is produced bi-annually by the World Economic Forum (2017). Spain's international leadership in the tourism industry is primarily due to its capacity to supply a very professional and high quality service, to the existence of a wide array of cultural resources, to the highly developed and abundant network of tourism infrastructure, and to its ability to adapt its tourism supply to the current digital consumption trends and habits. All of these positive tourism aspects are the fruit of Spanish «know how» in the tourism sector and to its ability to adapt to the requirements of the demand. Spanish «know how» and adaptation skills have been enhanced and facilitated by the public sector support in integrating entrepreneurship, human capital, talent attraction and retention in the tourism sector.

Ever since the founding of the Spanish State Secretariat for Tourism in 1905, the government has actively focused on developing the business and entrepreneurial environment that surrounds the Spanish tourism industry. All governments after to 1905 have consistently been committed to the national tourism industry. Over more than a century there have been several public institutions and departments dedicated to the management of tourism, whose responsibilities and objectives have evolved in line with the socioeconomic context at each point in time. The tourism industry is very important for the Spanish economy and is characterised by a series of peculiarities which have led the Spanish tourism sector to become highly dependent of the international context as well as, of course, the national situation.

The national tourism industry has been a key component and factor of the Spanish economic development and growth in the last six decades, becoming one of the most productive industries in the Spanish economy (Cuadrado-Roura and López Morales, 2011 and 2015). The high levels of economic contribution the tourism industry can be explained by the industry's high labour intensity, its capacity to generate a dynamic job creation environment, and by its transversal and systemic nature, since it has the ability to create indirect positive spill-over effects across several other industries. These characteristics of the Spanish tourism sector, job creation and positive spill-over effects, are the basic factors required to implement successful tourism policies (Fernández Alcantud, López Morales and Such Devesa, 2017).

With regards to job creation, according to recent statistics of the National Economically Active Population Survey (EPA, Encuesta Nacional de Población Activa) produced by the National Institute of Statistics (INE), in 2018 the 13% of Spanish active labour force is employed in the tourism industry, which amounts to a total of 2.5 million people. In some regions the tourism industry accounts for over 30% of the labour force, as is the case with the Canary and Balearic Islands. It is important, however, to explore whether Spain's capacity to create employment is accompanied by an equivalent generation and development of human capital. Employing the available data, it has been observed that the academic formation of those individuals employed in the tourism industry is inferior to that of the labour force in the services industry, and also in comparison with the national average. In 2013, for every ten individuals employed in the tourism industry, approximately, six would have attained secondary education, three would have attended college or college and university, and only one individual would possess primary education as his/her highest level of education or no education at all. In other words, there is a lot of room for educational improvement in the tourism sector's labour force, which is vital for Spain's tourism to transition from a labour intensive industry to a human capital intensive industry.

In terms of the positive spill-over, or knock-on, effects that the tourism sector provides the Spanish economy, which is the best way to assess its contribution to Spain's GDP, we can distinguish between direct effects on the tourism industry itself, and the indirect effects it has on the rest on Spain's economic activities. The main direct positive impacts it has in the tourism sector itself are: the outcomes of the foreign exchange, the creation of employment and the economic activity it stimulates in the multiple businesses this heterogeneous sector presents. In addition to the tourism industry's capacity to inject money into the economy via the increased economic activity and income generation from tourists' expenditures, the indirect or induced effects on the rest of the national economy are also very important. Particularly, food industry and other services, although other less salient indirect effects also exist, such as in the construction or in the automobile and aeronautical industries.

This innate systemic nature of the tourism industry, is not an aspect that has been traditionally considered in the legislation of policies. When producing national policies that are not strictly related to tourism, the knock-on effects these policies could have on tourism, such as on its development and competitiveness, are not explored nor taken advantage. Nevertheless, during the current twenty first century, several of the different public authorities have incorporated these transversal and cross-industry considerations into the design and implementation of tourism policies.

### 2.2. Spain's national tourism policy: supporting talent and entrepreneurs

Within the evolution of Spanish tourism policies, there have been two general stages (Instituto de Estudios Turísticos, 2005):

The first stage comprises the period between 1905 and 1978. These dates, respectively, represent the birth of the first public Spanish governmental tourism department and the year in which the current democratic constitution was implemented. The tourism policies of this stage are characterised by the fact that quantity was valued over quality, promoting mass tourism. The main objective was to attain the highest possible quantitative growth of the tourism industry based on a centralised governmental intervention approach.

The second period begins in 1979 and continues until date. During this phase, the Constitution of 1978 transfers the responsibilities of tourism affairs to each of the composing federal Autonomous Communities of Spain [Comunidades Autónomas (CCAA)], marking the beginning of a regional design and management of tourism. This shift away from a centralised to a regional approach to tourism requires the coordination of tourism efforts and the design of new tourism policies based on differentiation with regards to quality, sustainability, information and innovation.

The Spanish Government tourism responsibilities during this democratic stage are, naturally, the tourism affairs and responsibilities that were not transferred to the different CCAAs, such as: the promotion in the international arena of Spain as a tourist destination; good decision making based on their experience, knowledge and intelligence of the tourism industry, on both the supply and demand side; long-term planning; and of course ensuring good coordination between the tourism efforts of all the CCAA.

Here follows a recompilation of the primary actions and policies conducted in the last decades in the tourism sector:

— *FUTURES I: Spanish Tourism Competitiveness Structural Plan (1992-1995):*

This was the first National plan designed by the National Government and the CCAAs (Turespaña, 1992). It stablished the necessary strategies for the tourism industry to consolidate its competitiveness within the heart of the Spanish economy. The implemented programmes marked a shift away from the traditional national tourism strategy. The programmes primarily focused on quality improvement, the development of human resources, the integration of new technologies and the diversification of the Spanish tourism products and services. One of the most notable aspects of this plan was the attempt to define in a clear manner the cooperative public-private relationships in the tourism sector.

— *FUTURES II: Spanish Tourism Competitiveness Structural Plan (1996-1999):*

FUTURES II was a continuation of the previous plan, although it incorporates a reformulation of the approach (Turespaña, 1996). Special emphasis was invested in the definition of a new tourism model, where sustainability gained a central role as FUTURES II joined tourism and territory under one sole concept. During this plan, the importance of human resource development was consolidated and seen as a necessary and fundamental factor for the improvement of the Spanish tourism industry.

— *PICTE: Spanish Tourism Integral Quality Plan (2000-2006):*

The context in which this plan is implemented is marked by economic expansion and by the recovery of the tourism sector. PICTE gave momentum and continuity to the previous above-mentioned efforts towards the improvement of Spain's tourism competitiveness (Turespaña, 2000). PICTE also takes place at a time of convergence with European Union (EU) programmes and initiatives. EU initiatives focused on quality and incorporated aspects of the business environment, the management of tourism destinations, as well as the implementation of environmental sustainability standards.

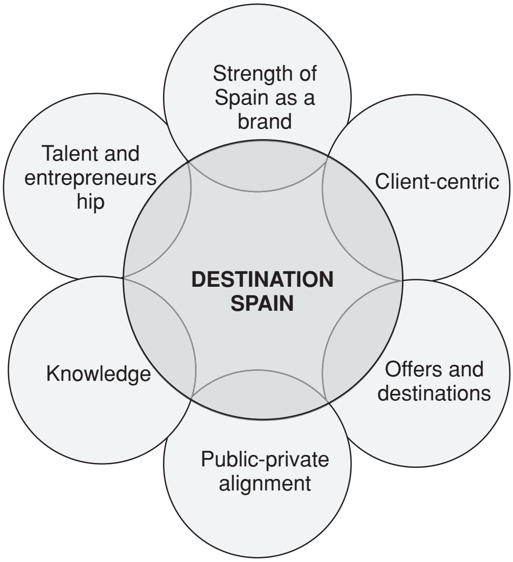
— *Spanish Tourism Horizon Plan 2020 (2008-2011):*

This plan is more commonly known as the 2020 Plan. It is characterised by its long-term perspective. Its main objective is to satisfy the new requirements of the tourism industry. It focuses on the economy of knowledge and information, on sustainability, it is a client-centric approach, and seeks to maximise cooperation and collaboration between all the agents of the tourism sector (Turespaña, 2008). This plan is the first to explicitly incorporate into its strategy the attraction and development of entrepreneurs. The most challenging objective is that of the economy of knowledge, as it is an intangible. Nevertheless, advancements in the economy of knowledge can be achieved through the incorporation, integration and development of talent. The 2020 Plan also highlights the imperative necessity of promoting innovation within the tourism industry, which is attainable through the incorporation and attraction of innovative entrepreneurs. It also incorporates into its competitiveness agenda the necessity to create the optimal environment to stimulate and facilitate the development of innovative and competitive tourism businesses.

— *National Integrated Tourism Plan (PNIT) (2012-2015):*

This has been the latest tourism plan, which entered into force in 2012 and terminated in 2015 (Turespaña, 2012). The plan's purpose was to provide a strategy that would ensure Spain maintained its position as an international tourism leader, which was under threat due to economic hardship caused by the crisis. The main differences between PNIT and the previous enacted tourism plans are: its national vision of Spain as a tourism destination in competition with other international destinations; its systemic and transversal nature; its strategic and operative nature; the coordination, control, measurement and transparency of its results. Out of all the measures this plan is composed of, it is worth noting the promotion of innovation in tourism management, which is a vital ingredient to build a competitive tourism industry for the future. PNIT's strategy to integrate innovation in the tourism industry is based on the attraction of talent and entrepreneurs.

**Figure 1.** Entrepreneurial support provided by the National Integrated Tourism Plan (PNIT)




*Source:* National Integrated Tourism Plan (PNIT) (2012-2015).

PNIT has entrusted the *young entrepreneur* as its protagonist, due to his/her large potential, to introduce innovation in the management of the tourism industry. However, this potential will only be tapped into if the young entrepreneur has easy access to the necessary funds and financing required to develop and launch tourism related projects and businesses. Consequently, one of the major measures of this plan is to facilitate the access to finance that will allow the innovative entrepreneurs to put into action their projects. Three actions in particular have been articulated:

— Lines of credit for young tourism entrepreneurs (*EMPRENDETUR Programme*): Eligibility is for individuals below the age of 40. Its objective is to support the innovative tourism projects of young entrepreneurs during the initial stages, as well as to incorporate the dynamism of the young entrepreneurs into the business environment surrounding the tourism industry.
— Innovative tourism entrepreneurs programme (*EMPRENDETUR Programme*): Its objective is to support the development of innovative tourism business models, with the aim of improving the sector's profitability and competitiveness.
— Align the supply of research and training to the business' demand.

SEGITUR (State Company for Innovation and Tourism Technology Management). It is a policy department of the government involved in the management of the integration of innovation and technology into the tourism sector. SEGITUR has, amongst others, the following responsibilities [1]:

— The implementation of the INNPULSA portal and the operation of the one-stop-scheme.
— The creation of credit services for entrepreneurs.
— The establishment of a cooperative network that promotes entrepreneurial tourism.
— To facilitate the search of informal investors, such as «business angels».

The following sections of the article shall outline in a detailed manner the primary public and governmental actions that promote entrepreneurial tourism in Spain.

## 3. Primary public actions that support entrepreneurship and human capital in Spain's tourism sector

In general terms, there exists a traditional perception that the relationship between public administrations and entrepreneurship support is limited to the concession of subsidies to the entrepreneurs by the corresponding ministries. Entrepreneurs, however, have, in addition to subsidies, access to other various initiatives and can seek support from other Public Administrations (AAPP) different from the ministries. These alternatives can result more useful for the entrepreneur depending on the stage of his/her project.

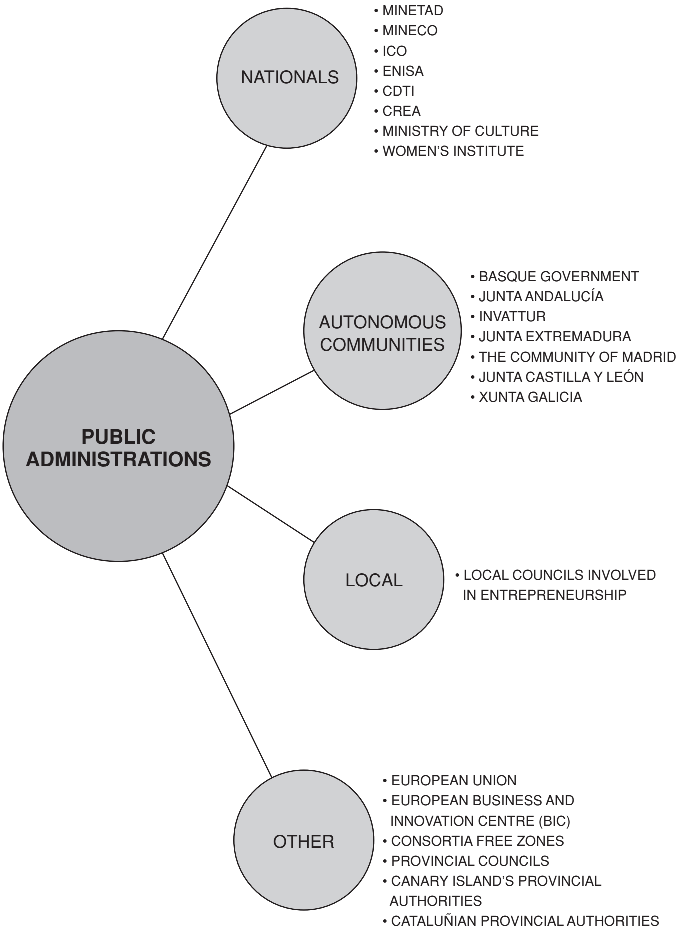
In this subsection, the primary efforts to support the development of entrepreneurship and human capital in the tourism sector by the various AAPPs in Spain shall be described. In order to do so, the article shall first outline the main non-industry specific entrepreneurial assistance mechanisms offered by the various AAPPs. It shall then move on to a more detailed description of programmes aimed exclusively towards promoting entrepreneurial tourism.

### 3.1. Typology of Public Administrations and of entrepreneurial support

As indicated previously, the central government is not the sole support mechanism for entrepreneurial tourism. A wide array of other institutions offer support to entrepreneurs. In fact, not only can the entrepreneur seek support from the different Spanish administrations, but also from the European Union (EU).

[1] In FITUR, additionally, Fitur Know-how & Exports takes place. It is an event of work and diffusion where SEGITTUR, in collaboration with ICEX Spain Exports and Investments and FITUR, explore avenues to promote the internationalisation of Spanish companies operating in the tourism industry.

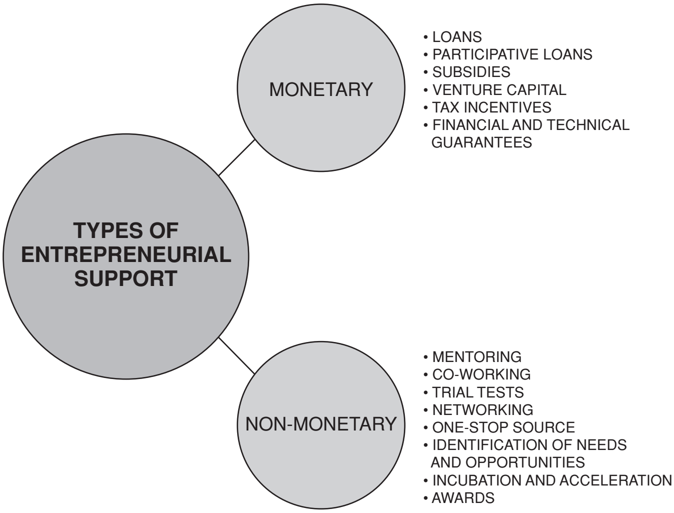
**Figure 2.** Typology of AAPPs that support to entrepreneurs




*Source:* own elaboration.

Therefore, all the different AAPP programmes aimed at supporting entrepreneurship employ different types of initiatives: from subsidies for entrepreneurs, to loans, mentoring programmes, co-working spaces and offices, fiscal incentives and guarantees. In order to tackle this analysis, a classification of different support actions and mechanisms has been developed. Such classification is based on whether the support is monetary or non-monetary, and also on which type of AAPP is providing the assistance (Figure 3).

**Figure 3.** Typology of entrepreneurial support mechanisms




*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD), the Ministry of Economy, Industry and Competitiveness (MINECO) and from the CCAAs.

*Monetary assistance:*

— **Loan**. The grant of a loan for a determined period of time, at a variable or fixed interest rate, with a grace period.

- Official Credit Institute (ICO): The «ICO lines for entrepreneurs and companies» provides financing targeted towards the self-employed, to companies as well as to public and private entities, of both national and foreign origin, as long as the investments, fruit of this financing, are productive for the national territory or/and require liquidity.

— **Participative loan.** A financing instrument which could be considered as a middle ground between a traditional loan and venture capital. It strengthens considerably the financial structure of companies.

- National Company for Innovation (ENISA): The «ENISA lines for young entrepreneurs» is targeted towards recently funded small and medium companies by young entrepreneurs. Its intention is to provide financial resources for the entrepreneurs' business investments during the critical early stages. «ENISA lines for entrepreneurs» provides financial support in the early stages of small and medium companies funded by entrepreneurs without an age eligibility criterion. Its purpose is to facilitate the necessary investments for the project to develop.

— **Subsidies.** A mechanism where the monetary aid is not recovered.

- Ministry of Culture. It offers programs to assist in capital investments with the aim of increasing the legal supply of cultural digital content in the internet and to promote the modernisation and innovation of the creative and cultural industries.

- Centre for Industrial Technological Development (CDTI): The «NEOTEC Programme». Its objective is to support the creation and consolidation of technology-based companies.
- Regional incentives in Extremadura. It is directed towards companies who invest in Extremadura. Its purpose is to support the creation of new companies and the consolidation of existing companies. It gives priority to projects involving company expansion, modernisation and relocation.

— **Venture Capital.** It involves the companies' capitalization with the aim of spurring its growth.

- ENISA: It supports both public and private initiatives in the attainment of venture capital funds, such as financing business projects with high prospects of growth.
- CDTI: Its programme INVIERTE has its own venture capital vehicles.

— **Tax incentives and tax bonuses.** The tax incentives are company tax reductions that compensate for the development of Research and Development projects and/or technological innovations. The tax bonuses are applied to the researcher's personal social security business quota.

- Ministry of Industry, Economy and Competitiveness. Its efforts and actions are oriented towards private sector initiatives, without conditioning the innovation plans of a company. i.e., it is not limited to specific industries, programmes or initiatives.
- Fuerteventura's Technology Park. It has developed a programme which incentivises start-ups to begin and stablish their entrepreneurial business endeavours in their island.

— **Financial and technical guarantees.** Operations through which the guaranteed attains financial or technical support from a financial entity or bank, who provides a series of financial or technical guarantees depending on the type of endorsement.

- CREA Reciprocal Guarantee Society (SGR): It's a non-for-profit financial entity who is subject to the supervision and inspection of the Bank of Spain. It is composed by two types of parties: the protectors and the participants. The protectors are the institutions who participate in SGR's capital, which is consistent with its social objectives. The participants are the small and medium companies who receive guarantees form the SGR[2].

In addition to the previously mentioned mechanisms to support entrepreneurship in Spain, the existence of a payment due to unemployment, called Unemployment Capitalisation, also deserves attention. Its objective is to facilitate the take-off of en-

[2] An SGR exists that specialises in Tourism. It guarantees cultural tourism projects, R+D+i and digital development.

trepreneurial projects of self-employment nature. There is also a programme called Entrepreneurial support for women, coordinated by the Women's Institute.

Within the entrepreneurial support efforts, apart from local, regional and national finance, the EU offers the «SME Instrument». It is a sub-programme of the eighth EU R+D+I Financing Horizon 2020 Programme. It is divided into 3 phases, from the business plan's project elaboration, to its development and its diffusion[3].

*Non-monetary assistance:*

Local, regional and other authorities, in general, provide business creation an entrepreneurial support programmes which are non-monetary. These non-monetary concessions should not be viewed as incompatible with monetary support programmes. In fact, complementarity between the two types of assistance does occur.

Various forms exist to describe this non-monetary assistance. Some CCAAs, such as the Community of Madrid, offer the service of a portal dedicated exclusively to entrepreneurship. This service offers information regarding support and assistance, as well as academic training in entrepreneurship centres. Other CCAAs, such as the Basque Country, have designed the acceleration programme «BIND 4.0», which provides training specifically for the development of commercial skills, mentoring, technological workshops, networks sessions with agents and business leaders of the Basque industrial and business environment, as well as access to finance, amongst many other actions. The «Programme Vía Galicia», promoted by the province of Vigo and the Galician regional authorities, offer support and assistance during the initial phases of the entrepreneurs' and businesses' endeavours. They provide seed capital, training, infrastructure and consulting advice. Similarly, the regional authorities of Castile and Leon have also put into action the «regional Strategy for Entrepreneurship, Innovation and Self-employment».

The analysis of these initiatives together with other similar programmes in Andalucía, Madrid or Barcelona, has identified the following non-monetary support mechanisms:

- **Mentoring**: entrepreneurs gain support and advice at the time of initiating a project from different professional specialists and experts in finance, marketing, technology, publicity, as well as legal assistance and many other activities.
- **Access to co-working spaces**: collaborative working spaces that public and private entities make available for entrepreneurs, such as accelerators and incubators.
- **Product testing**: agreements can be reached between entrepreneurs and AAPPs prior to launching the project.
- **Promotion of networking between entrepreneurs and companies**: collaboration with technology centres and companies.

[3] Phase 1: The concept and viability evaluation; Phase 2: Demonstration and commercial replication; Phase 3: Commercialisation.

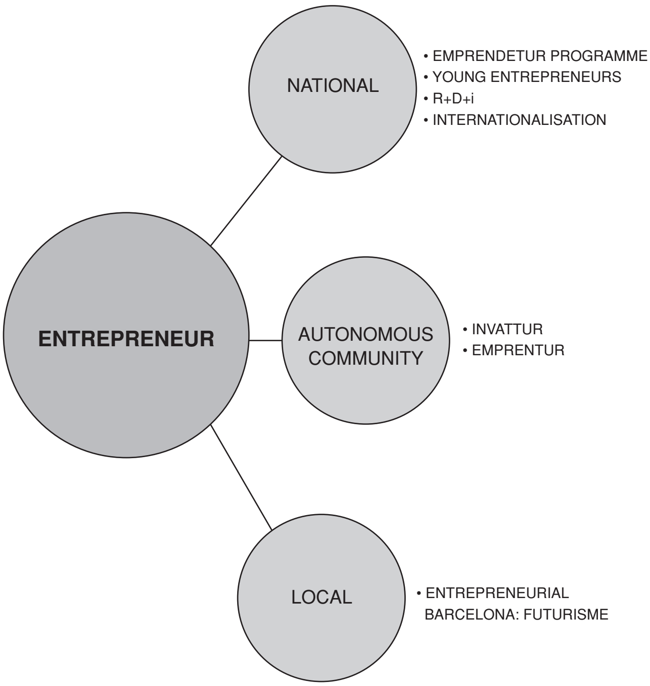
— Implementation of **one-stop-scheme for entrepreneurs**.
— **Identification** of business needs and ideas.
— **Incubation and acceleration of projects**.
— **Awards.**
— **Business angels Networks**: can eliminate the barrier between investors and entrepreneurs**.** The local council of the city of Madrid, for example, offers this service.

### 3.2. Tourism specific entrepreneurial support programmes

The above-mentioned programmes of assistance and support to entrepreneurship are not sector specific, and therefore, any industry is eligible to receive such support, including tourism.

There are, however, independently of the previously described programmes, AAPP programmes that are exclusively oriented towards supporting entrepreneurial tourism. These tourism-specific entrepreneurship support programmes are mainly due to the relevance and importance of the tourism industry for the local, regional or national economy (Figure 4).

**Figure 4.** Entrepreneurial tourism support programmes




*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD), the Junta Andalucía, the Community of Valencia and the Council of Barcelona.

Amongst the tourism-specific entrepreneurial programmes, we can highlight the following:

**Entrepreneurial Barcelona:** «FUTURISME Programme». Its objective is to facilitate the creation of innovative companies. It is characterised by its long-term vision, as it is aimed to give answers and solutions to the needs and challenges of the Barcelona tourism sector. This programme offers: training and the attainment of entrepreneurial skills; advice on the progression of projects; entrepreneurial experiences; networking meals; awards for the best tourism initiatives.

**Invattur:** This project was developed by the Valencian Regional Tourism Agency. Notable aspects of it are: to facilitate and stimulate contact between entrepreneurs; the creation of business synergies; the discovery and analysis of new tourism business opportunities; the promotion of innovative and technological businesses as a differentiation strategy; and to aid entrepreneurs in their awareness of the opportunities and possibilities the tourism sector can offer their projects and businesses.

**Junta Andalucía:** It is involved in ensuring the growth of the tourism services and the creation of new tourism products. It does so through «PYMETUR» which focuses on the growth and the consolidation of tourism companies, and through «EMPRENTUR» which focuses on the creation of new tourism companies. It also grants subsidies with the finality to improve the competitiveness and productivity of small-medium and micro small-medium tourism companies. These subsidies facilitate their modernisation and allows them to implement innovative actions.

**Spanish State Secretariat for Tourism**: The objective of the programme «EMPRENDETUR»[4] is to promote business initiatives in the tourism industry. It achieves so through synergies between entrepreneurs, universities, businesses and investors who all seek innovative, competitive and profitable business models. It is composed by three lines of assistance:

— «Emprendetur for Young Entrepreneurs» (EJE).
— «Emprendetur I+D+i» (EIDi).
— «Emprendetur Internationalisation» (EI).

These 3 lines of assistance are reimbursable loans, amortising in 5 years and with a grace period of two years. The EJE does not require any form of guarantee, while EIDi and EI lines require a guarantee equivalent to 36% of the proposed loan.

[4] Order IET/2481/2012, 15 of November. Official Governmental Newsletter, number 279, 20 of November of 2012, pp. 80698 to 80731.

Order IET/2481/2012, 15 of November. Official Governmental Newsletter, number 279, 20 of November of 2012, pp. 80732 to 80763.

## 4. Spanish entrepreneurial tourism support: implications at the regional level

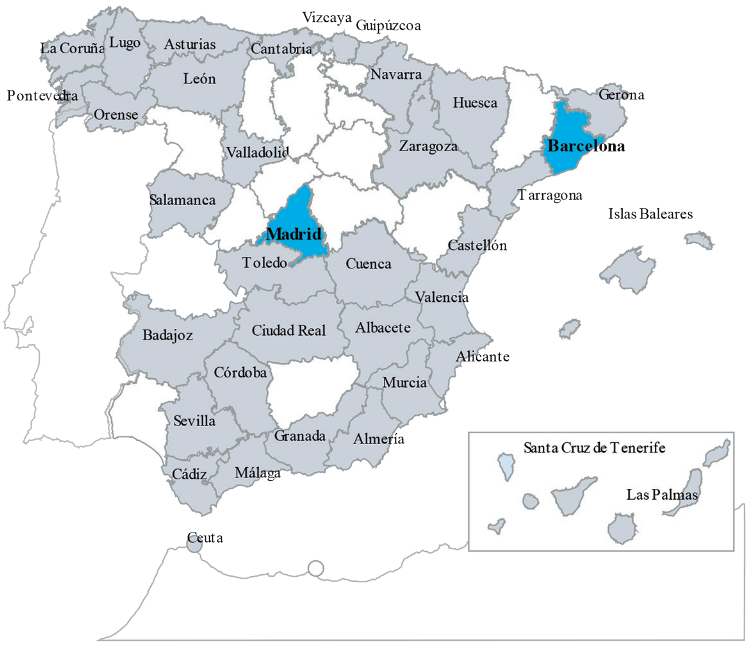
As mentioned in the preceding section, amongst the primary entrepreneurial tourism specific support mechanisms in Spain, the programme EMPRENDETUR, coordinated by SEGITTUR, stands out as the most relevant.

The Spanish State Secretariat for Tourism has, via EMPRENDETUR, granted over 80 million euros during the period 2012 to 2016. The four financing lines have facilitated the development of 314 innovative projects, and consequently, it has become fundamental for entrepreneurship in the tourism industry, as intended by the National and Integral Tourism Plan (PNIT) 2012-2015[5]. More than 70% of the beneficiary projects and companies of the EMPRENDETUR support lines had been in operation for less than five years at the time of application. In other words, most of the financed companies were companies in their initial and critical stages of development.

From a provincial stand point, the data on loans clearly reflects the polarization of the Madrid-Barcelona axis in the Spanish entrepreneurial tourism support services, where 68.3% of the financing took place in companies belonging to these two provinces. Valencia (5.3% of the total) and the Baleares (3.8%) are the only other two provinces with over ten beneficiaries. Girona, Malaga and Santa Cruz of Tenerife are the next set of provinces who benefitted the most out of these support mechanisms –5 benefiting companies each. It is worth noting that 15 provinces and cities (which represent 29%) did not obtain any financial support. None of them, however, where included in the 2016 list of the 25 provinces with the most number of companies. All the Spanish provinces with no EMPRENDETUR financing are situated in the interior of the Iberian Peninsula, except for Huelva which is located on the south Atlantic coast. It is worth highlighting, therefore, the importance of the tourism industry, and in particular the traditional sun and beach model, for the Spanish economy when analysing these entrepreneurial support programs.

[5] This shall be the last Plan of Governmental National Tourism Policy. From 2016 onwards no tourism policy at the national level shall exist. Nevertheless, tourism policy actions can be exercised by the central government, such as the 2016 EMPREDENTUR.

**Figure 5.** Provincial map of Spain regarding EMPRENDETUR financed projects, 2012-2016




*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD).

When one focuses on regions rather than provinces as the territorial organisation of Spain, the Autonomous Communities of Madrid and Catalonia collectively represent 70.9% of all the loan beneficiaries. The six communities of the peninsular interior, excluding Madrid, (Castilla-La Mancha, Castile and Leon, Aragon, Navarra, Extremadura and La Rioja) barely represent 5.3% of the national total (Figure 6). The only two regions which received no financing whatsoever where Melilla and la Rioja. Interestingly, the latter, la Rioja, is the region least visited by non-resident tourists and who also hosts the smallest number of tourism companies.

**Figure 6.** CCAA ranking based on the number of EMPRENDETUR beneficiaries, 2012-2016

| *Autonomous Community* | *Contract-awarded Companies* | *% total* |
|---|---|---|
| Community of Madrid | 100 | 37.7 |
| Catalonia | 88 | 33.2 |
| Valencian Community | 17 | 6.4 |
| Andalusia | 13 | 4.9 |

| *Autonomous Community* | *Contract-awarded Companies* | *% total* |
|---|---|---|
| Balearic Islands | 10 | 3.8 |
| Canary Islands | 6 | 2.3 |
| Galicia | 6 | 2.3 |
| Castilla-La Mancha | 4 | 1.5 |
| Castile and Leon | 4 | 1.5 |
| Basque Country | 4 | 1.5 |
| Aragon | 3 | 1.1 |
| Asturias | 3 | 1.1 |
| Cantabria | 2 | 0.8 |
| Navarra | 2 | 0.8 |
| Ceuta | 1 | 0.4 |
| Extremadura | 1 | 0.4 |
| Murcia | 1 | 0.4 |
| Melilla | 0 | 0.0 |
| La Rioja | 0 | 0.0 |
| **Total** | **265** | **100.0** |

*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD).
*Note:* Some of the beneficiaries have more than one EMPRENDETUR financed project.

By focusing on the regional data concerning Research, Development and Innovation (R+D+i) expenditure, Madrid and Catalonia's dominance can be observed. Both regions lead the statistics on the percentage of the AAPP budget dedicated on R+D+i investment in intangibles (fundamental for start-ups) and on company's expenditure on research (over 3,771 million euros in 2016, representing 53% of the national total).

If a comparative analysis were undertaken based on the number of tourism companies per CCAA, employing the data available from INE, the four first places in 2016 would be occupied by the CCAA who also lead in the number of contract-awarded companies. Such ranking is headed by Catalonia with around 79,000 companies, followed by Andalusia (in the region of 74,000 companies), Madrid (around 65,000) and Valencia (around 47,000 companies).

Amongst the EMPRENDETUR beneficiaries, a comparative analysis can also be produced based on the type of client (B2B, B2C, B2B2C)[6], type of company

[6] B2B (Business-To-Business): business between companies, whereby the client of a company is another company; B2C (Business-To-Consumer): business whereby the company's client is a consumer; B2B2C (Business-To-Business-To-Consumer): business whereby a company's clients are both consumers and other companies.

(technological or not) and on the tourism sector it operates. The results for the Community of Madrid, Catalonia and for the country as a whole, would be the following (Figure 7):

**Figure 7.** Geographical comparison on type of client, type of company and on tourism sector financed by EMPRENDETUR

| **Geographical comparison by type of client** | | | | | | |
|---|---|---|---|---|---|---|
| *TYPE OF CLIENT* | *Territory* | | | | | |
| | *Community of Madrid* | *% total* | *Catalonia* | *% total* | *Spain* | *% total* |
| B2B | 58 | 58.0 | 44 | 50.0 | 142 | 53.6 |
| B2C | 32 | 32.0 | 39 | 44.3 | 99 | 37.4 |
| B2B2C | 10 | 10.0 | 5 | 5.7 | 24 | 9.1 |
| **Total** | **100** | **100.0** | **88** | **100.0** | **265** | **100.0** |

| **Geographical comparison by type of company** | | | | | | |
|---|---|---|---|---|---|---|
| *TYPE OF COMPANY* | *Territory* | | | | | |
| | *Community of Madrid* | *% total* | *Catalonia* | *% total* | *Spain* | *% total* |
| Technological | 94 | 94.0 | 85 | 96.6 | 250 | 94.3 |
| Non Technological | 6 | 6.0 | 3 | 3.4 | 15 | 5.7 |
| **Total** | **100** | **100.0** | **88** | **100.0** | **265** | **100.0** |

| **Geographical comparison by type of tourism activity financed by EMPRENDETUR** | | | | | | |
|---|---|---|---|---|---|---|
| *TOURISM SECTOR* | *Territory* | | | | | |
| | *Community of Madrid* | *% total* | *Catalonia* | *% total* | *Spain* | *% total* |
| Leisure activities | 19 | 13.8 | 21 | 22.1 | 57 | 16.1 |
| Travel agencies | 11 | 8.0 | 7 | 7.4 | 22 | 6.2 |
| Accommodation | 40 | 29.0 | 34 | 35.8 | 114 | 32.1 |
| Destinations | 14 | 10.1 | 14 | 14.7 | 41 | 11.5 |
| Food and beverage services | 22 | 15.9 | 8 | 8.4 | 54 | 15.2 |
| Transport | 18 | 13.0 | 5 | 5.3 | 38 | 10.7 |
| Other | 14 | 10.1 | 6 | 6.3 | 29 | 8.2 |
| **Total** | **138** | **100.0** | **95** | **100.0** | **355** | **100.0** |

*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD).
*Note:* one same project could be directed to various sectors. Some of the beneficiaries have more than one EMPRENDETUR financed project.

As can be observed from the tables above, the dominant type of client of the two CCAAs, and for the country as a whole, follows the same distribution: over 50% of the financed projects were granted to B2B companies. The financed projects are generally technological companies, with nearly identical percentages for the country as a whole and for the two analysed CCAAs (between the 94% observed in Madrid and the 97% in Catalonia). Therefore, two EMPRENDETUR financing characteristics concerning the destination of the funds stand out: the supported projects are predominantly technological and are issued primarily to B2B companies.

It is noteworthy that the majority of the EMPRENDETUR beneficiaries are technological companies that act as external providers for the tourism industry, service and product developers, and solution providers for Tourism subsectors. The tourism activity which has received the most EMPRENDETUR financing is accommodation (29% of the companies in Madrid, and 36% of the Catalonia companies). Leisure activities for the whole of Spain and Catalonia, and the food and beverage sector in Madrid, are the second tourism activities that received the most entrepreneurial financial support.

A ranking table can be constructed based on the amount of EMPRENDETUR financing each CCAA has received. Once again, the Community of Madrid leads such list with 33.2 million euros (41.4% of the national total), followed by Catalonia with 24.5 million euros (30.6% of the total) and the Valencian Community who summed a total of 5.2 million euros (6.5% of the total) in granted financial support. Aragon and Castilla-La Mancha are the CCAA that present the highest financial aid per project ratio. For instance, Aragon shows a ratio of 945,000 euros per financed company (Figure 8).

**Figure 8.** CCAA ranking based on the quantity of EMPRENDETUR financing received and on average quantity per loan

| *Autonomous Community* | *Euros* | *% of Total* | *Average quantity per loan* |
|---|---|---|---|
| Community of Madrid | 33,159,882 | 41.4 | 331,599 |
| Catalonia | 24,520,258 | 30.6 | 278,639 |
| Valencian Community | 5,207,572 | 6.5 | 306,328 |
| Andalusia | 4,491,311 | 5.6 | 345,485 |
| Aragon | 2,836,801 | 3.5 | 945,600 |
| Castilla-La Mancha | 2,764,408 | 3.5 | 691,102 |
| Balearic Islands | 2,396,927 | 3.0 | 239,693 |
| Galicia | 1,704,044 | 2.1 | 284,007 |
| Basque Country | 828,212 | 1.0 | 207,053 |
| Canary Islands | 660,520 | 0.8 | 110,087 |
| Murcia | 368,606 | 0.5 | 368,606 |
| Navarra | 354,053 | 0.4 | 177,027 |

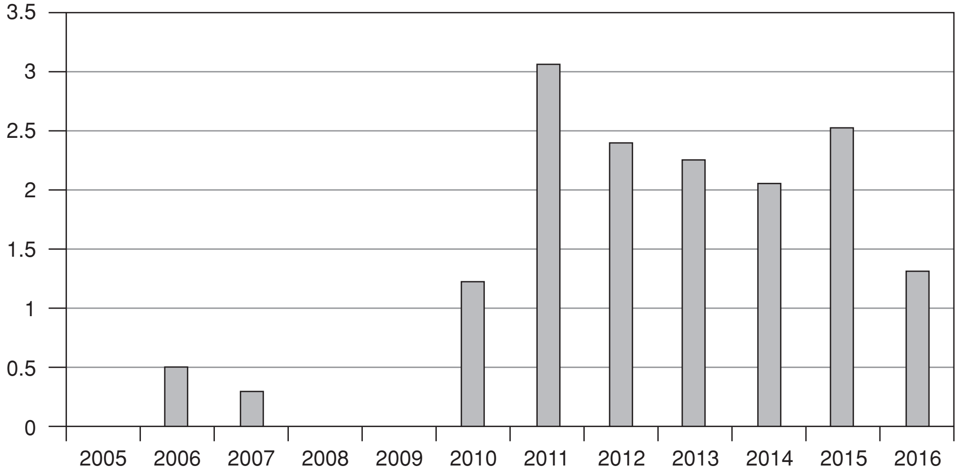
| *Autonomous Community* | *Euros* | *% of Total* | *Average quantity per loan* |
|---|---|---|---|
| Asturias | 315,264 | 0.4 | 105,088 |
| Cantabria | 240,402 | 0.3 | 120,201 |
| Castile and León | 114,433 | 0.1 | 28,608 |
| Extremadura | 99,972 | 0.1 | 99,972 |
| Ceuta | 13,000 | 0.0 | 13,000 |
| Melilla | 0 | 0.0 | |
| La Rioja | 0 | 0.0 | |
| **Total** | **80,075,664** | **100.0** | **302,172** |

*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD).
*Note:* Some of the beneficiaries have more than one EMPRENDETUR financed project.

The impact of EMPRENDETUR financing on companies is very significant. Employment, taking into consideration the 95 financed projects between 2012 and 2014, increased 26.8%. In addition, the 43 financed companies between 2012 and 2013 experienced a 23.3% growth in revenue.

It is worth highlighting also the financing efforts of the National Company for Innovation (ENISA), which is part of the Ministry of the Economy, Industry and Competitiveness. From 2005 to 2016, ENISA has offered a total of 188 loans, amounting to 15.6 million euros and representing 2.1% of all facilitated financing. The primary recipients of these loans are companies of the leisure and hospitality sectors (Figure 9).

**Figure 9.** Millions of euros loaned to companies by ENISA in the leisure and hospitality sectors (2005-2016)




*Source:* own elaboration based on data from the Ministry of Energy, Tourism and Digital Agenda (MINETAD).

## 5. Conclusions

Entrepreneurship, innovation, human capital, talent. All of these concepts should go hand-in-hand with the tourism industry. In our current days, both academically and professionally, the possibility of Spain maintaining its world leading tourism industry is inconceivable unless these concepts are developed, deepened, promoted and conceived as Spain's competitive differentiation strategy. The tourism industry is particularly exposed to the integration of new technologies, which in itself enables the integration of other intangible factors that spur productivity.

During the recent years, the tourism companies aware of the necessities and reality of the industry have begun to develop strategies where innovation and new technologies are at its heart to ensure market positioning both within Spain and internationally. In addition to these private initiatives, there is a growing implementation of public tourism policies that promote quality, knowledge, sustainability and innovation in the tourism sector.

The public sector, therefore, plays a major role in the industry's revitalisation and sustainability, particularly by supporting entrepreneurship, human capital and talent. This article has analysed the public policies that have supported entrepreneurial tourism in Spain in the last decades, without forgetting the associated initiatives of human capital, innovation, knowledge and talent, etc.

The article has explained in detail the different tourism plans produced by the Government, which is increasingly biased towards the promotion of a more sustainable tourism model and a higher quality tourist destination. In order to construct a tourism industry that will be competitive in the future, a series of measures have been progressively implemented to enhance the attraction and formation of entrepreneurs. Special emphasis has been placed on the empowerment of young tourism entrepreneurs and on programmes associated with tourism innovation.

The article has also shown that, in the case of Spain, entrepreneurial support in the tourism sector is not only the result of subsidies from the central government, but also due to the rich basket of initiatives offered by the different administrations that entrepreneurs have access to. The article has highlighted the interest of the different public Spanish administrations in entrepreneurship and their efforts to support it in the best possible manner.

The Spanish State Secretariat for Tourism's EMPRENDETUR programme has received special attention in this article. Its different lines of financing action have led it to become the most important public entrepreneurial tourism support mechanism in Spain. It has also served to launch the National Integrated Tourism Plan (PNIT), which has granted over 80 million euros to over 300 innovative projects via its three lines of actions: «Emprendetur for young entrepreneurs», «Emprendetur R+D+i», «Emprendetur Internationalisation».

The granted assistance is geographically concentrated in the Autonomous Communities of Madrid and Catalonia (and within these, the provinces of Madrid and Barcelona), followed by Valencia and Andalusia. Regions of the interior of Spain, however, have barely participated in the entrepreneurial tourism support mechanisms. In the Community of Madrid and Catalonia, as well as in Spain as a whole, the majority of the financed projects are predominantly technological involving companies whose main client is another company (B2B), particularly in accommodation activities.

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