



Spain Tries To Boost Entrepreneurship

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In Spain, entrepreneurship is largely a high-class hobby. Family money and connections have long been the best indicators of small business' success. A recent World Bank report ranked Spain lower than Bangladesh and Afghanistan on the ease of starting a business. Now Spain's ruling conservatives want to change that.

DAVID GREENE, HOST:

And let's turn now to Spain. It is a country where opening a business is especially tough. A World Bank survey of 185 countries ranks Spain 136th - below Afghanistan and Bangladesh. Spain is well-known for its tangled bureaucracy. Now the Spanish government wants to shed that image. The government's offering help to anyone who wants to start a company in the midst of the country's recession. Lauren Frayer reports in today's Bottom Line in Business.

(SOUNDBITE OF VIDEO)

UNIDENTIFIED MAN: (Foreign language spoken)

LAUREN FRAYER, BYLINE: A spoof video making the rounds on Facebook shows a young woman trying to register at Spain's tax office.

(SOUNDBITE OF VIDEO)

UNIDENTIFIED MAN: (Foreign language spoken)

FRAYER: All right, Blondie. You asked for it, the clerk says, demanding a slew of documents in duplicate. But the woman came prepared and whips out the forms with a smirk.

The actors are making fun of Spain's notorious bureaucracy. It takes an average of 28 days to start a company in Spain, compared to just six in the U.S. But with about half of Spaniards under the age of 30 out of work, many are starting their own companies. The number of entrepreneurs in Madrid has jumped from 8,000 in 2005 to 28,000 this year.

RAUL JIMENEZ: (Through Translator) In difficult times, you've got to create your own world and your own work opportunities because no one is going to do it for you.

FRAYER: That's Raul Jimenez who started his own company, Minube, after losing his job. Minube is a website and smartphone app that allows users to trade travel tips and

photos. Jimenez hired talented young techies who might otherwise emigrate to Germany or the U.K. for jobs.

JIMENEZ: (Through Translator) Maybe it looks like Spain is in a deep crisis we can't get out of. But we are lucky to work in both tourism and technology. They're the only sectors seeing growth despite the crisis.

FRAYER: Jimenez was also lucky when he was just starting out to land free office space from the town hall - part of a program to boost entrepreneurship in Spain.

(SOUNDBITE OF MUSIC)

FRAYER: Rock music blasts from laptops in a 19th century mansion in downtown Madrid, where hipster entrepreneurs are polishing off their business plans. This is what the city calls a business incubator, where it offers free office space for up to a year, plus networking events and tutorials.

Pedro Gonzalez Torroba is a former lawyer who now works for the city coaching entrepreneurs.

PEDRO GONZALEZ TORROBA: Big companies for the last 20 years are not creating new employment. Employment comes from small companies. And that's why the city of Madrid, the goal of that is to support entrepreneurs, is so important.

FRAYER: On average, half of Spanish start-ups never make it. But those who get this public help have a 95 percent chance of surviving five years. So amid budget cuts, this kind of public investment makes sense, says economist Gonzalo Garland, at Madrid's IE Business School.

GONZALO GARLAND: There's this cultural issue here in Europe, and in Spain at least, about fear of failure. And therefore, if you fail as an entrepreneur, you're going to be judged. So I think there's clearly a need for a change and that means, yes, we do want to have more respect for these entrepreneurs. At the end of the day, these are the innovators, they are creating the firms, they are creating employment, et cetera, et cetera.

FRAYER: Among those taking advantage of Madrid's free office space is Josas De La Espada. He and his partners have created an iPhone app, Sezion Studio, that allows users to form bands and record songs together, even if they're in different countries.

JOSIAS DE LA ESPADA: By a user in I think from Florida, with a bass guitar, drums, guitar.

(SOUNDBITE OF MUSIC)

FRAYER: De La Espada and his friends are amateur musicians from Panama and Argentina but decided to start their company in Spain, partly because of this fledgling startup culture.

ESPADA: We really need this support because that help us to not think about how are we going to pay the bill for the like, you know...

(LAUGHTER)

ESPADA: ...renting this place for the next month.

FRAYER: Spain is hoping that with a little help, these guys' creativity will take off and end up changing this country for the better.

For NPR News, I'm Lauren Frayer in Madrid.

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