



**U-COACH**

Leonardo Da Vinci

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## **U-COACH Regional Report Extremadura**

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## **EXECUTIVE SUMMARY**

This document contains the regional report of Extremadura of the U-COACH project. The objective of this report is to give relevant information to help understand the context where the project will take place.

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## 1. Introduction

### 1.1. Introduction



**Extremadura** is an autonomous community of western Spain whose capital city is Mérida. It includes the provinces of Cáceres and Badajoz.

Extremadura borders Portugal to the west, and it is an important area for wildlife, particularly with the major reserve at Monfragüe, which has recently been recognized as a National Park. To the north it borders Castile and León; to the south, it borders Andalusia; and to the east, it borders Castile-La Mancha.

Extremadura is contained within 37° 57' N, 40° 85' N latitude and 4° 39' W, 7° 33' W longitude. The area of Extremadura is 41,633 km<sup>2</sup>, making it the 5th largest of the Spanish autonomous communities.

The climate of Extremadura is Mediterranean, except to the north, where it is continentalized, and to the west, where the influence of Atlantic makes the climate milder. In general, it is characterized by its very hot and dry summers, with great droughts, and its long and mild winters due to the oceanic influence because of its proximity to the Atlantic coast of Portugal.

The average yearly temperature fluctuates between 16 and 17°C year to year. During the summer, the average temperature in July is greater than 26 °C, at times reaching 40 °C. The winters are mild with the lowest temperatures being registered in the mountainous regions, but an average temperature of 7.5 °C.

Over one million of inhabitants live in Extremadura region. Population density: 26.4inhabitants/km<sup>2</sup>. Most of Extremadura's population lives in small towns of less than 5,000 inhabitants. Only one town has a population over 100,000 people: Badajoz city.

**Table 1.- Macroeconomic data**

<b>DEMOGRAPHY</b>	<b>EXTREMADURA</b>	<b>SPAIN</b>
<b>Surface (Km2)</b>	<b>41.635</b>	<b>505.990</b>
<b>Population / 2010</b>	<b>1.097.744</b>	<b>46.157.822</b>
<b>Population density (Inhab./ Km2), 2010</b>	<b>26,5</b>	<b>91,1</b>
<b>% of participation in the national population</b>	<b>2,5</b>	<b>100</b>
<b>LABOR MARKET, 2009</b>		
<b>Activity rate (%)</b>	<b>53,38</b>	<b>59,76</b>
<b>Unemployment rate (%)</b>	<b>21,26</b>	<b>18,83</b>
<b>Employment in agriculture (%)</b>	<b>10,7</b>	<b>4,3</b>
<b>Employment in industry (%)</b>	<b>10,7</b>	<b>15,4</b>
<b>Employment in the construction sector (%)</b>	<b>12,8</b>	<b>10,8</b>
<b>Employment in services (%)</b>	<b>65,9</b>	<b>69,5</b>
<b>PRODUCCIÓN</b>		
<b>GDP 2009 (in millions of euros)</b>	<b>17375</b>	<b>1117624</b>
<b>Change in GDP between 2008 and 2009 (%)</b>	<b>-2,40%</b>	<b>-3,10%</b>
<b>Extremadura participation in total national GDP (%) 2009</b>	<b>1,5</b>	<b>100,0</b>
<b>GDP per capita (average of Spain = 100), 2009</b>	<b>70,01</b>	<b>100</b>
<b>INFORMATION AND COMMUNICATION TECHNOLOGY (ICT), 2009</b>		
<b>Availability at home of internet access (%)</b>	<b>41,7</b>	<b>54</b>
<b>Connecting households to broadband Internet (%)</b>	<b>94,5</b>	<b>95,1</b>
<b>Households with computer (%)</b>	<b>58,2</b>	<b>66,3</b>
<b>RESEARCH + DEVELOPMENT, 2009</b>		
<b>Domestic expenditures on R &amp; D (% of GDP)</b>	<b>1,1</b>	<b>1,35</b>
<b>Staff equivalent full-time R &amp; D (% per thousand workers)</b>	<b>4,5</b>	<b>9,9</b>

INE (National Statistics Institute), DIRCE (Central Business Directory) 2008  
[www.ipyme.org](http://www.ipyme.org)

## 1.2. Economic Analysis

<sup>1</sup>The Extremadura Region closed the year 2008 with a regional growth of 1,35%, slightly higher than the national average of 1,15%. This growth allows it to position itself as one of the regions with a higher growth in 2008. However, it tops the list as the Spanish community with the lowest GDP per capita and, therefore, greater difficulties for regional convergence.

Extremadura's economy achieved a growth of 5% in 2008 according to recent data estimates by the INE (Statistic National Institute), against the growth of 3,9% of the Spanish average.

Despite the international crisis environment, some sectors showed positive growth rates, highlighting progress in the energy sector with a rate of 0,5%. The number of employed is decreasing in general, showing better results services sector with a decreasing rate of 1.6%. Extremadura exports decreased by 7.1% over 2009 compared the previous year, when Extremadura increased exports a rate of 15,6%.

Imports, meanwhile, felt by 30% over the previous year. In terms of national convergence, Extremadura presents the lowest value of all Spanish regions, with a rate of 68.7% of the national average; while in convergence with the EU-27 the index value is 69.7% in 2008 reaching the position number 211 of 273 regions analyzed.

The biggest weight on the economy of Extremadura comes from the service sector (57%) and SME (small and medium enterprises) are the backbone of an economy that is developing a burgeoning trade with the neighbour lands of Portugal and has a high degree of activities related to the tertiary sector due to the rise of environmental and cultural tourism in rural areas, traditionally agricultural.

Extremadura has, even today, an economic development better than the Spanish average. It is coming from an historical economic backwardness but discovering and developing new market opportunities, mainly in tourism, commerce and food. The project of installing an oil refinery in the south of the region has caused a controversy at regional level.

The region has around 400,000 members affiliated to the Social Security, according to data from 2009.

In Extremadura there are around 8,000 industries, mostly small and medium enterprises. The main sub-sectors are energy, agro-industry, cork, ornamental stone, machinery and textiles.

Regarding energy, the development of dams and waterfalls gave way to a stable exploitation of the hydropower resources and energy production higher than the consumption needs of the region itself.

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<sup>1</sup> CEPREDE. Análisis de las Economías regionales de España 2008

### 1.3. Social & Cultural Aspects and Education

Extremadura has three sites that have been declared World Heritage by the UNESCO: Old Town of Cáceres in 1986, Archaeological Site of Mérida since December 1993 and the Royal Monastery of Guadalupe since 1993.

Other interesting cultural aspects when talking about Extremadura are:

**Language:** The only language that is officially recognized in Extremadura is the Spanish, however the Portuguese is also spoken but with many varieties. Some Extremadura's schools teach these as a foreign language, but not usually to the level of fluency.

**Literature:** Some of the most important writers born in the region are: José de Espronceda, Carolina Coronado, José Antonio Gabriel y Galán and Dulce Chacón.

**Sport:** The most popular sport in the region (as well as in the all country) is soccer, followed by basketball.

The educational framework is currently regulated by a law Published in the Official Gazette on May 4, 2006. Its official name is: "Organic Law 2 / 2006 of May 3, and Education." This law has been developed under the principles of qualified education for all students, equal opportunities and effective transmission of values in order to promote freedom, responsibility, tolerance, equality, respect and justice, etc.

There is a permanent need of improvement in education in our region, not only to instruct people but to train the future workers of our society. We still have to improve the system in order to introduce the students to the profitable economy and the future needs of the labour market. According to this, the groups with a better situation are those who completed their secondary education and of course those with university studies, because they share better employment rates.

### 1.4. Political Legal issues

Extremadura is one of the seventeen Regions with legislative competencies in Spain. It exercises its powers through the following democratic institutions:

The Extremadura Parliament ([Asamblea de Extremadura](#)): is the body that represents Extremadura's citizens. Its members (65 MPs) are elected every four years by public elections.

Extremadura Regional Government ([Junta de Extremadura](#)): is the body that exercises the functions of governance of the region. The president of the Regional Government is elected by the members of the Parliament and is the responsible for nominating the different Regional Ministers in charge of carrying out the policies and competencies of the Government.

## 2. Profile of Small to Medium Sized Enterprises (SMEs)

### 2.1 Number of SMEs in the region/country

According to the sources of the Central Enterprise Database (DIRCE) and the National Institute of Statistics (INE), on January 1<sup>st</sup>, 2010, the number of SME's decreases less in our region with 671 enterprises less than the previous year; almost 1% decrease, and a total of 671 enterprises.

Badajoz is the province which decreases more in number of SME's, 484 less enterprises than in 2008, and 1,20% decrease. However, in Cáceres, this decrease has been smaller, 0,71%, 187 enterprises less than the previous year.

#### Number of SME's in Extremadura on January the 1<sup>st</sup>, 2010. National comparison

	DIRCE '09	DIRCE '08	Absolute Variation	Relative Variation
Badajoz	40874	41358	484	-1,20%
Cáceres	26307	26494	187	-0,71%
Extremadura	67181	67852	671	-1,00%
Spain	3355830	3422239	66409	-1,97%

Source: INE, 2010 / [www.ine.es](http://www.ine.es)

A first approach to the enterprises' sectorial distribution (Industry, Construction, Trade and rest of Services) shows a clear evidence of similarity in both reference fields, regional and national.

### 2.2 General description of small enterprises, i.e. characteristics of the companies, e.g. family based, traditional organizational structures, implementation of ICT

Although most of the SME's in Extremadura belong to the Service sector (45.45%), its participation is lower than in the national average. A large part of the Extremaduran enterprises belongs to the tertiary sector due to the weight of the non-market services. Moreover, it is worth mentioning that there is a higher ratio of SME's in the Commerce sector (31.92%) than at national level (25.33%).

There is not much difference between the numbers in Industry and Construction at regional and national level. The weight of Industry is lightly higher in Extremadura (8.20%) than in Spain (7.32%) and in Construction, on the contrary, the Spanish percentage is higher (14.64%) regarding to the regional one (14.43%).

## SME's according to the economic sector on January the 1<sup>st</sup>, 2008

### Percentage and comparison with the national average

SECTOR	EXTREMADURA		SPAIN	
	Enterprises	% over total	Enterprises	% over total
INDUSTRY	5.434	8,20	244.359	7,32
CONSTRUCTION	9.554	14,43	488.408	14,64
COMMERCE	21.140	31,92	845.229	25,33
REST OF SERVICES	30.104	45,45	1.758.661	52,71

<b>TOTAL</b>	<b>66.232</b>	<b>100</b>	<b>3.336.657</b>	<b>100</b>
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Source: INE, 2007 / [www.ine.es](http://www.ine.es)

Note: Commerce: wholesale, retail and middlemen.

Rest of services: hotel industry, transport, communications, education activities, health and social work activities.

In 2007, the Construction was the more dynamic sector with 8.75% percentage, followed by 6.09% of the Rest of Services. Both, Industry and Commerce also increase.

### 2.3. Contribution to the economy and society

SME's size distribution is different for each economic sector. The biggest ratio of small enterprises is placed in the sectors Rest of Services (85.38% employ two or less employees) and Commerce (85.10% employ 2 employees at the most). On the other hand, the weight or the biggest enterprises is focused in Industry, 0.29% (16 enterprises that employ 200 or more employee).

If we analyze in depth the number of SME's in Extremadura according to the economic groups made up by each productive sectors and number of employees, we can notice that the biggest concentration of the SME's is located in Retail Commerce, followed by Construction, Hotel Industry and Other business activities.

In the Industry sector, made up by 5.434 enterprises, it is important the group of "Food and drink Industry", with 1.557 SME's, 50 of them employ more than 50 employees.

In the Construction sector there are 9.554 SME's, 8.621 employ up to 10 workers. Only 10 of the and the rest, only 10 of them have more than 200 employees.

14.252 SME's belonging to the 21.140 of the Commerce sector belong to "Retail, except commerce of motor vehicles, motorcycles and motorbikes" and from these 14.252, 8.925 SME's do not have employees, 5.168 have from 1 to 10 employees and 6 enterprises have more than 100 employees.

It is also important the "Wholesale and commerce middlemen, except motor vehicles and motorcycles", as among their SME's there are 11 that have more than 100 workers.

Rest of Services is the sector that integrates a higher number of SME's with 30.104 entities and inside this sector, "Hotel Industry" with 7.059 SME's (4.076 do not have employees and 2.837 employ from 1 to 10).

6.754 SME's in "Other business activities", 21 of them with 100 or more workers, 9 of them with 200 or more employees and 4 of them with 500 or more employed people. In 2007, Industry represents 7.32% of the national business network. Extremadura is one of the regions that overcomes this data with a percentage of 8.20%.

In Extremadura, Construction represents 14.43% of the total of their SME's, which is a lower percentage regarding to the national average which is 14.64%. Commerce has in Extremadura 31.92% of the total of integrated enterprises in this sector.

The "Rest of Services" sector which has a specific weight in number of SME's at a national level with a percentage of 52.71%, has a relative importance in Extremadura of 45.45%.

Regarding the **evolution of the SME's in all economic sectors**, the following considerations are exposed below:

1) The **Service Sector** has become very important in both production and employment over the last two decades. Therefore it is the sector with more opportunities in Extremadura. However, this increase was not enough and still keeps a high unemployment rate if comparing with other sectors.

To motivate the creation of work in the Service Sector in the region and to allow that it takes part of an important business network, the Autonomous Government has developed a quality infrastructure network. It offers to employers the opportunity to purchase industrial at a very competitive prices.

2) **Industry** is the sector that has changed most during the last few years not only in a quantitative way but in a qualitative way. Extremadura has got a diversified growth of industry where energy sub sector is losing its importance in respect to the transforming industry. It is going to be hold in the next years. It is important to stress the effort made by Extremadura in development and modernization of the sector. This is shown in a better specialization of its farmings, the implementation of new Technologies in irrigated land management and a bigger use of machinery.

The transforming industry in Extremadura has evolved rapidly in the last few years, sometimes setting itself up as a national and international referent. The most sophisticated food and agriculture branch, thanks to a cooperative movement, processes more and more agricultural production include the region, being one of the main tobacco and tomato producers of the country for industrial use.

3) Despite of the tendency towards a bigger economy tertiarization process in Extremadura and the dependence of the weather conditions, the **Agricultural Sector** is still important in the region. This is shown not only in its significant contribution to the national and regional production, but in its indirect contribution to the development of other services and sector such as the food and the agriculture sector. Both of these sectors will have a high development in the next years.

4) During the last few years **Construction** has become essential for the economic advancement of Extremadura, increasing its contribution to the regional gross value added and benefiting job creation.

The boom in this sector in Extremadura has dropped along last years due to the influence of the economic slowdown in Spain which is going to avoid it was again the main factor of the regional growth as it was in the last years.

## **2. 4. Trends and strategic planning of the region.**

### FINANCIAL SUPPORT TO R&D+i

Aiming to encourage the consolidation of the business net in Extremadura it means necessary to bring more competitiveness to it. The innovation is a key element to consider and implement all key business processes in the SMEs of Extremadura.

To bring closer the applied research, the development of new products, the new technologies and the innovation (not only technological but in all its facets or fields, at different levels such as management, organizational, marketing, business, etc.) is an opportunity for our companies to get a qualitative and quantitative leap needed to address the opportunities that the globalized environment of today's markets demand.

To accomplish these purposes is needed to establish a framework of financial support that includes the development of the following initiatives:

#### 1.- Program to Boost Competitiveness

The objective of this program is to establish a line of grant assistance to boost the competitiveness of the business in the region, taking SMEs and Intermediary Organizations as recipients.

Promotional projects will be considered:

- Certification of Quality Systems.
- Implementation of Design.
- Promotion of Industrial Research and Pre-competitive Development.
- Promotion of Business Innovation.
- Presentation of projects to national and European programs (related to business innovation).
- Promotion of Industrial Property.
- Promotion of Business Cooperation.

## 2. Innoempresa Program

The main objective is the establishment of an aid program to support innovation in SMEs through the implementation of projects in different areas: technological, organizational and business management.

The program supports are designed to encourage the adoption of innovative technologies and practices, for:

1. SMEs, with special emphasis on those with growth possibilities and the ability to generate innovation.
2. Intermediate organizations, that provide innovative services to promote projects with small and medium enterprises in the different areas that make up the *value chain business*.

The action lines are combined into three basic groups of measures:

- **Advanced Management and Organizational Innovation.** Program to support projects that involve the adoption of new innovative business models that have an effect on improving different areas of the business: organization of production, relationship with suppliers and customers, environmental management, etc.
- **Technological Innovation and Quality.** Projects for the Implementation of Plans to improve technology through advice to businesses, using for this technology centres, other research centres and technical consulting specialized in the implementation of specific solutions.
- **Innovation projects in collaboration.** Support for projects submitted by groups of companies whose activity is part of the value chain of a product.

<sup>2</sup>The Extremadura Government has allocated, in the first quarter of this year, more than 9 million euros in aid for R+D+i for companies in the region. This help will support programs for innovation and business competitiveness. The aim is to encourage and promote businesses in the adoption of innovative practices and technologies, as well as the research to develop innovative projects that promote wealth creation, sustainable development and better conditions of the markets where these operate.

In order to achieve an economic growth for the region with a base of Environmental Sustainability, Social and Territorial Cohesion, including the creation of greater wealth and more and better jobs in the region, it was developed the **Plan for the Promotion and Consolidation of Business in Extremadura 2008-2011**. The Extremadura Government together with the Socio-Economic actors in the region agreed on the importance of social dialogue as a tool for strengthening the region. This Plan is the result of that dialogue.

In order to achieve the above objectives, there were developed a series of projects or initiatives adapted to the specific needs of the companies and according to their stage of development.

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<sup>2</sup> ECI-Junta de Extremadura (<http://eci.juntaextremadura.net>)

Such initiatives can be included into the following areas:

- Entrepreneurship
- Creation of companies
- Consolidation of businesses
- Transverse Measures for the creation and consolidation

Inside the Consolidation of Businesses there are different strategic initiatives related to Innovation:

- Establishment of an innovation model based on cooperation: INNOVEEX.
- Lines of financial support for R&D+i.
- Strengthen the integration of ICT into the business net.
- Plan for Training Entrepreneurs and Executives.
- Promotion of management systems based on excellence.
- Promotion of industrial property.
- Building support for new entrepreneurs.

#### NEW INNOVATION MODEL: INNOVEX

<sup>3</sup>INNOVEEX intends to address a system for implementation of innovation in the region, in order to incorporate it into the business net. It is based on the following variables:

- Cooperation between businesses, technology centres, university and government experts.
- Defined and Shared activity that will provide to the system the coverage, size and strength sufficient to make the regional cluster to be competitive in reference markets, whether local or global.
- Relationship between key actors within the system itself that will make them to be more competitive with each other and the environments in question.
- Necessary support to facilitate the implementation of the system so that it can gradually become self-sufficient.

The program has four pillars that will be: the product, the process, the marketing and the organization.

The cluster is the basic unit of action in the organization of the system, and for that each cluster will have a Technological Centre of reference associated and attached to it for the R & D development, as well as incubators entities generating projects.

In the same way, each cluster will have a panel of experts and professionals in marketing that will carry out the internationalization plans of products and companies, as well as support and advise on the "flanks" that could have businesses in the region.

The objectives of this model are intended to provide the region with a model of innovation to: integrate the business and R&D system, articulate the R&D system in order to improve the performance of regional economic growth, enhance the business competitiveness by linking innovation and R&D, promote innovation in companies, identify innovation with the "Extremadura today" and improve the economic results of the region through innovation.

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<sup>3</sup> INNOVEX ([www.innovex.com](http://www.innovex.com))

The pillars of action of this model are supported in:

3. human capital, with skilled professionals in business
4. the companies, as basic unit of the system
5. the infrastructure needed to develop the model, such as physical space, technological equipment and different resources
6. investment, thus providing the necessary support for the system as implementation support
7. the legislation, offering a regulatory framework covering the system and relations between different actors and scenarios.

#### INCORPORATION OF ICT INTO BUSINESS

Aiming to facilitate and ensure the full integration of the Information Society into the management and strategy of businesses in the region, it has been developed different and complementary initiatives, designed to optimize business processes through the incorporation of Information and Communication Technology.

This line will be marked by the development of the following initiatives:

- 1.- Financial support to improve the technological positioning of the companies in Extremadura.

With the aim of incorporating SMEs into the Information Society, it will be established a framework of financial support for the implementation of advanced tools related to new technologies in the different business processes. This would launch a new line of assistance for which shall be considered eligible all necessary computer and technology equipment, not only for management processes but also improvement in organizational processes: logistics, traceability, etc. The aid would be in the form of direct subsidy.

- 2 .- Development of business tools.

Since 2004 it has been developed in Extremadura a project, oriented to public service, that attempts to support the development of the technology sector. This is known as **Linex SMEs** and provide to *computer service companies* free and qualified software tools (demanded by the SME in their daily management). LinEx SME is also an operating system of easy installation that incorporates different applications: billing (FacturLinEx), accounting (ContaLinEx), issuance of payroll (NominaLinEx) and bank receipts (ReciboLinEx). It also includes office applications, email, web browsing, etc.

- 3.- Development of a Technology Literacy Plan for entrepreneurs.

The Technology Literacy Plan and Free Software in Extremadura (PAT), initiated in 1999, was based on two principles: achieve connectivity in all municipalities in the region and ensure technological literacy for all citizens, regardless of where they live. The PAT is a strategic action, pioneer in Spain, which is leading the outreach and training in the use of technology to the adult population of Extremadura, especially the most disadvantaged (immigrants, elderly, disabled, youth and women at risk of exclusion, unemployed, etc.).

Due to the excellent results of this Plan, it is planned to continue the development of it in the same areas, joining as a priority the technological support to small and medium enterprises.

#### 4.- Integration of technology experts in enterprises

The innovation process in enterprises involves the identification of market demand and also the technological requirements implies on it.

The technological progress needs a collection and assimilation of new systems to enable the companies in the region to resolve their technological deficiencies or to develop new products and processes.

Financial resources are allocated to enable the recruitment of personnel with good technology training to carry out activities related to technological development and innovation.

#### BUSINESS PLAN TRAINING

In the current competitive business entrepreneurs must have a solid life long training to face the changing rhythms as it offers an increasingly and fluctuating global market. For this business training (both regulated and employment training) is a key instrument to achieve a higher level of skills and above all a better adaptability to the technological changes that are occurring in our environment. We can say that training quality and linked to the needs of the labor market improves the competitiveness of businesses, generating greater social cohesion.

Taking into account our business community, there will be a training plan that will include the most representative sectors of the regional economy as well as those considered strategic and emerging, which will respond to real needs demanded by employers from Extremadura with special emphasis on micro-smes and self-employments.

#### MANAGEMENT BASED IN THE EXCELLENCE

The quality and excellence, along with competition, are important objectives and a reference for entrepreneurs from Extremadura. In the era of the knowledge society and the pursuit of quality, developing a solid and competitive business network is configured increasingly as an inexcusable goal whose way necessarily involves the promotion of quality and excellence in management.

These commitments are close to the definition of business excellence, outstanding set of best practices in managing an organization and achieving results based on fundamental concepts that include: orientation to the results and the customer, leadership and perseverance, processes and facts, involvement of people, continuous improvement and innovation, mutually beneficial partnerships and social responsibility.

To this end, the proposed strategy is based on different lines of aid from which we can highlight: support for the certification of quality systems, implementing management systems based on the EFQM model and other models.

#### THE PROMOTION OF INDUSTRIAL PROPERTY

Industrial Property offers to the employer a number of exclusive rights that protect both the innovation of new products, new processes or new designs, such as business exclusively through the identification of their products or services. Therefore, information technology derived from patents, as well as protection of trademarks, trade names and industrial design are key elements in the process of business innovation.

This work has been performed in our region by the Regional Information Center under the Department of Enterprise, from which it informs and advises entrepreneurs and managers in all matters of Extremadura in this area and makes businesses more competitive improve its position and its results.

#### CONSOLIDATION NEW ENTREPRENEURS

The creation of enterprises is important for our region, but it's equally important that companies created are maintained over time.

Therefore, once transformed into a viable business plan a going concern, it is necessary to accompany and protect the new company in the early stages of their lives, ensuring their survival.

This support will be developed through targeted technical assistance, training in certain key areas, expert advice aimed at the expansion, internationalization, etc.

The 2008 reports show that the level of entrepreneurial activity In Europe has increased by 19.36%. However, in Spain, the index of entrepreneurial activity has changed its course over the last three years and has descended by 8.14%, going from 7.62% to 7%.

Spain had a working population (ages 18-64) of 26,187,435 people in 2008. In July 2008, it was estimated that the number of people starting entrepreneurial initiatives was around 1,800,000 people. This means that 7% of the active population was involved in entrepreneurial initiatives which are less than three and a half years old.

If you compare the level of entrepreneurial activity (7%) for this year with the European percentage (6.72%), we can see that the gap in Spain has widened this year with respect to the others. Therefore, there has been a decline in the number of startups and new companies.

Extremadura's level of entrepreneurial activity is at 7.1% or one percentage point less than the year 2007, or a decline of 12.35%. So, out of 100 people interviewed in the region, 7.1% participated in entrepreneurial initiatives which were started less than three and a half years ago. Out of a total population of 1,097,744 people in Extremadura and an active population (aged 18-64) of 654,621, about 46,478 people have been involved in entrepreneurial activities from July 2007 to July 2008. Of these, 27,515 were men and 18,963 were women.

In 2008, Extremadura has lost its standing as one of the regions at the top of the list of European countries with higher indices of entrepreneurial activities, such as Macedonia (14.47%), Bosnia (9.02%) or Serbia (7.59%), and the decline in entrepreneurial activities in Extremadura, has, without a doubt, caused this decline.

Within countries that are in the OCDE, Extremadura has also lost its ground, going from 5<sup>th</sup> position to 9<sup>th</sup> position. This means that its values are now the same as that of OCDE countries, along with Ireland (7.59%), Finland (7.34%). Mexico (13.09%), the US (10.76%) and Iceland (10.05%).

Within Spain, Extremadura experienced an decrease in its entrepreneurial activity by one percentage point, but it is still at the same position as it was last year (eighth). This year, Catalunya, the Canary Islands and Valencia are still at the top of the list. Madrid, Aragón, Cantabria y Galicia have also been added to the top of the list.

After several years of analysis of the level of entrepreneurial activity by areas, and despite the strong variations that occur from one year to the next, we can start to form conclusions and a global analysis of this period. According to the average level of entrepreneurial activity in the last five years, the levels of entrepreneurial activity are

similar in almost all areas, and only fluctuate about .3 points around 7%. Only the area of Barros has the highest average level of entrepreneurial activity (9.59%). While all areas have declined with respect to 2004, the area of Vegas del Gadiana is unique in that the level of activity there has grown during this time period.

As is customary in different analyses carried out in the last few years, the growing gap in the levels in certain areas shows us that there is more entrepreneurial activity in rural areas than urban areas. This means that there is an average level of 9.38%, versus 6.42% for that of the urban level. However, for several years, while rural levels have decreased, urban levels have gradually increased. They have done so in such a way that, in 2008, they were closer than ever in the last six years (7.5% vs. 6.9%).

On the other hand, the levels based on the 2 provinces in Extremadura have evolved concurrently so that both levels were identical in 2008. The province of Cáceres has seen its index of entrepreneurial activity decline with respect to 2003 by 13.42% even though the average level for the provinces (7.6%), is higher than that of Badajoz (7.42%). The latter has increased its entrepreneurial initiatives with respect to the same year by 12.7%.

The number of people that consider starting a business in the next 3 years in Extremadura has increased by 41.25% with respect to 2006. This means that, in the last three years, there has been a change in the decline since the year 2003. In 2008, 9% of the population wanted to start a business.

After two consecutive years of increases, the percentage of start-ups (2.4%) has fallen significantly this year (44.83%), which means that now Extremadura is ranked toward bottom of the list of different autonomous communities. It was at the top the previous year.

In 2008, the percentage of new companies in Extremadura was one of the largest since this study has been carried out (4.7%). The increase in 2008 has represented an increase of 19.29% with respect to 2007.

Extremadura is now situated at the top among the regions in Spain, and above the Spanish average and the European average. This increase has made up for the decline in start-up initiatives, and led to a slow decline in the level of entrepreneurial activity.

The percentage of established businesses has grown significantly in the last year. The increase in growth in Spain has been 41.85% with respect to the previous year, but in Extremadura, this increase was even higher, at 110.76%

Both in Spain and internationally, the percentage of businesses that closed increased in 2008. This percentage increased by 29.21%, and in European countries, 16.43%, and in Spain 58.73%. In Extremadura, the increase has been 126.09% (.46% vs.1.04%), which makes it the third region which has experienced the greatest increase in the number of business closings after Baleares (0% vs.1.37%) and Aragon (.23 vs. 1.12%). However, the percentage of closings in this year is similar to that of 2005 (1.03%) and even better than the levels reached in 2003 and 2004, which were 1.23% and 1.44% respectively.

Level of entrepreneurial activity declined by 12.35% in 2008, which due to the decline of 21.21% of the level of opportunity and 33.33% of the level of other reasons. However, the level of entrepreneurial activity based on need has increased by 116.67%, which has slowed down part of the decline of the regional level of entrepreneurial activity. The decline of the level of entrepreneurial activity based on opportunity is due to the decline in the level in urban and rural areas of the provinces. This decline is also due to those of other

### 3. Preliminary Findings

#### 3.1 Executive coaching in Spain

According to E.M.C.E 08 (the Market Survey of Executive Coaching in Spain) "Managing my team more efficiently" and "improving interpersonal relationships" (60-70%), followed by "managing change", "managing time", "balancing professional life/family" and "re-orientating professional career" (about 40%) are the main areas of work chosen by the clients (coachees) who receive Executive Coaching.

Coaching is a temporary relationship in which the coach, without undermining the autonomy and responsibility of the coachee, helps and supports him in the attainment of a goal which he could not achieve on his own within a desired period.

It is not consultancy, training, tutoring, psychoanalysis, mentoring, psychotherapy or counselling. It is a relationship in which both parties are on an equal footing, unlike previous cases in which the consultant, trainer, etc. takes on the role of "expert" and wields the power.

E.M.C.E 08 is a survey aimed exclusively at executive coaches who say that, of the 4,117 coachees who have required their services, 51% correspond to the profile of "other directives and mid-level executives" and 16% to "top executives-Board management"

Male coaches work more (41%) with the "top executive" and "mid-level executive" profiles than female coaches (26%). They have all been hired by 487 "organizations" (companies and other entities) and 269 "private professionals" (self-employed people and executives who invest their own economic resources to benefit from the service).

The decision to contract the service is taken by Human Resources in 47% of cases, by the company chief executive in 26% of cases, and the coachee himself in 25% of cases.

When the "head manager" is responsible for the decision, he tends to prefer men (68%) over women (32%). If the "coachee" does the hiring, the opposite is the case, 67% prefer women to men (33%). When Human Resources does the hiring, the ratio is 52% men to 48% women. "Head managers" hire more coaches with "over 10 years" experience (29%) than the group in general (10%). The "head manager" usually hires (between 16% and 36% of the time) for the "top executive—Board managers" profile.

This year, 89 coaches state that they have had 1,882 "new" coaches, that is to say, an average of 21.1 coachees per coach, compared to the forecast for 2008 of 28 coachees per coach.

The number of sessions carried out is 10,575, that is, an average of 123 sessions per coach; those polled foresee a sharp increase in the number of sessions (207) for 2008. 91% of the sessions are face-to-face and 9% over the phone.

The average fee per coaching session, when hired directly, is 305 €, compared to 241 € in 2005.

The average fee per session for coaches with "less than 1 year's" experience is 239 €, with "more than 1 year's" experience, 352 €, and with "more than 10 years" experience, 483 €.

In Spain, coaching is, as yet, a young profession. A few isolated experiments were begun in the 90's, but the real boom has taken place during the last five years.

A balance in the gender of the coaches (52% male, 48% female). 64% in the 31-50 age range. 56% reside in Madrid and 21% in Barcelona. 39% have a university degree in "psychosocio-philosophy" and 22% in "sciences", while the remaining 39% pertain to the "others" category. Science graduates are predominantly male (83%), whereas psychosocio-philosophy graduates are mainly women (65%). 86% consider specific training in Coaching to be "essential", and 13% "advisable". 43% have "1-5" years of professional practice, 32% "less than 1" year and 25% "more than 5" years.

### 3.2. Executive coaching in Extremadura

Although there is some institutions well organize, in terms of quality systems observation and effective communications, offering executive coaching training, this situation is not spread in other regions as Extremadura.

We can point some institutions as AECOP (<http://aecop.net/>), ADESCO (<http://www.asescoaching.org/>) or ICF (<http://www.icf-es.com/>) that offer a wide range of information about coaching, courses and contacts in order to keep interested users informed. In other hand, only AECOP is exclusively dedicate to executive coaching while other also offer personal coaching.

The big picture in Extremadura shows a less professionalize profiles in coaching and with lower levels of association. We can find AECOP Extremadura, still in a developing process and GESTIONARTE (<http://www.gestionarte.eu/>), an organization working in the field of management and strategies.

We can also find some others freelance coacher barely associate, that also offer coaching sessions both personal and executive as the coacher found on <http://www.coachingextremadura.es/>.

It's also important to highlight the effort made by the regional government to increase the positive perception of the coach from the companies. The government (Junta de Extremadura) it's been also providing with funds the training to enterprises throughout private business schools.

In conclusion, even thought, in Spain there is some organizations providing executive coaching services, In Extremadura we can find a lack of knowledge and a appropriate background to assume executive coaching as a essential part responsible of the development of a enterprise. Some efforts have been made by Junta de Extremadura but not enough yet to spread and standardize this type of training.

### 3.3. Preliminary conclusions based upon the field work

According the report and the field work, It seems that enterprises are clearly interested in strengthen their management skills and they are also aiming to offer their workers a better way to achieve their goals inside the company.

Some statements in the executive coaching scorecard shows high levels of agreement an some others, of disagreement. Nevertheless, most of the scores have been placed in the grey zone in between.

Those statements representing a high level of agreement are those related to how the enterprises skills should be improved. This way, most of the enterprises consider that their company is into a continuous improvement, are also interested in develop an

effective communication. The enterprises also shows a high level of commitment with the personal development and planning strategies in their organizations.

In other hand, enterprises strongly disagrees when they are asked if their executive skills are developed enough or if they wouldn't spend time in coach training if they had the chance to be enrolled in such a training program. This way, there is a common agreement in disagree with those statements: "I don't have enough time to spend with a coach", "I don't trust executive coaches", "we have sufficient and appropriate leathership skills and tools", "we have sufficient and appropriate time management tools" and "we have sufficient and appropriate personal development tools".

In a evaluation of the level of awareness about leathership, strategic planning, communication, personal development and time management, it seems that most of the enterprises consider all this items equally relevant for their companies. Leathership is lightness the most important while time management importance is lightly less meaningful to them.

In other hand, there is a big scarf between the most important characteristic of a training programme and the third most important. According the field work, to follow a problem and exercises based learning programme is the most important item to the enterprises. It shows the interest of the companies in going trough a know-how based programme instead a know-what educational programme. In other hand, the easy access (in terms of physical access) to training material is the lower awareness.

In conclusion, the field work shows that enterprises are aiming to improve their management skills the same way they are open to facilitate the personal improvement. In general they consider the impact of enrol in a coaching programme as a strength instead a tread to their activity. The companies also show high levels of commitment with the coaching training activities as they consider positive to their improvement to follow a coaching training. In other hand, the organizations are clear about how a practical education could be more appropriate to their needs.

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