MicroBank

We believe in you
REPORT ON THE IMPACT
OF MICROCREDIT

2013
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We are pleased to present the Report on the Impact of Microcredit for the fourth consecutive year. A continuity that will allow the analysis of the evolution of the data obtained and further research on the progress of the work carried out by MicroBank, a leading microfinance model of social banking in Spain, and a benchmark in Europe.

The current socio-economic context is still influenced by the recession due to the crisis situation and the high unemployment rate. In the last report, we focused on the value of financial support for entrepreneurs to promote an increase in employment and move towards recovery, and how microcredit has spent years demonstrating its importance and its ability to contribute to job creation. As far back as the year 2000, the European Union, stated that microcredit was a tool for social cohesion and economic dynamism.

This year, in line with last year’s study, which clearly revealed the positive and necessary impact of microcredit, we will undertake an in-depth analysis of the importance and value of this tool in youth entrepreneurship. When talking about youth entrepreneurship, we are referring to those entrepreneurs under the age of 35 who choose to set up a business, and realise their professional dream, or try to find in self-employment an alternative in a labour market that is currently offering no opportunities. The study will give us an overview and will enable us to learn whether there are any differences in the way microcredits are used and their value for older entrepreneurs.

Currently, this group is experiencing unemployment rates even in some areas in excess of 50%. We are referring to a group that is vitally important in the present and the future of our society, and especially in regards to economic recovery. As the importance of microcredits has already been proved, we will find out below whether this tool is also equally as important for these young entrepreneurs.

The methodology used to draw up the report has followed that used in previous editions, i.e., a random sample was taken of micro-entrepreneurs who agreed to take part in a telephone survey.

Once again, I would like to thank all those entrepreneurs who have generously shared their experiences in order to shape the present publication, and thanks to all the professionals who have made it possible.
In an environment marked by the economic downturn, the constant increase in unemployment rates and access to funding severely restricted, microcredit continues to generate great interest due to its potential for creating new business initiatives, consolidating existing ones and fostering job creation.

Indeed, faced with little prospect of employment rates improving, entrepreneurship is increasingly regarded as a viable alternative and perhaps even the only alternative for many unemployed people or for those who seek to improve their professional status. This is especially relevant for young people, up to 35 years of age, whose job prospects have been drastically reduced in recent years, forced to face unemployment or unstable and precarious jobs and who often do not have the chance to showcase their skills and level of training. The potential youth entrepreneurship offers this group is reflected in the primary role it plays in the current European political agenda, which has resulted in the implementation of various initiatives to facilitate business start-ups by young Europeans. These initiatives aim to address the main barriers that youth entrepreneurship currently faces, from improved business management training at all levels of education to the improvement of support for business development and, of course, improving access to funding, an aspect in which microcredits play a fundamental role.

In this publication, therefore, we aim to analyse in detail the role of microfinance in promoting youth entrepreneurship, both in Europe and in the specific case of Spain. In line with previous reports, this analysis has resulted in an initial article in which we have placed special emphasis on the variables of the study for the under 35 entrepreneur age group.

The methodology followed is the same as that used in previous editions. The initial sample taken as a reference for the study comprised a total of 12,250 people, to whom MicroBank had granted microcredits between 01/07/2007 and 31/12/2012. Out of this sample, 3,214 were microcredits granted to entrepreneurs under 35 years of age. A minimum quota of 200 interviews of entrepreneurs under 35 has been set.
FACT SHEET OF THE STUDY

843 interviews carried out
15,356 calls (18.22 calls per answered call achieved)
Fixing of minimum quotas:
200 microcredits for young entrepreneurs (up to 35 years of age)
Margin of error for the total sample: 3.8% (confidence level: 98%)
Methodology: telephone survey

The interviews were conducted during the month of November, 2013. The study was conducted by analysing the results of the questionnaire that had been used in previous editions modifying some questions and newly including a number of others to specifically target young entrepreneurs.

The questionnaire is divided into five main sections:

SECTIONS THAT MAKE UP THE QUESTIONNAIRE

Section 1. Data on microcredit driven business
Section 2. Data on microcredits programme
Section 3. Perceived economic and socio-cultural changes
Section 4. Satisfaction with the service
Section 5. Classification. Entrepreneur profile
MicroBank was formed in 2007 as the social bank of “la Caixa” to channel microcredit activity, which La Caixa had hitherto been performing through its Foundation. The aim was to promote this task with the rigour and sustainability of a bank. By creating MicroBank, the strategic will to provide for a group whose financial needs are not sufficiently covered materialises thanks to a new social banking model that provides access to quality financial services for the purpose of contributing to:

• The promotion of productive activity and job creation with financial support to self-employed professionals and small businesses.
• Self-employment, through the start-up of small businesses via microcredits to new entrepreneurs.
• Personal and family development, responding to needs and enabling temporary difficulties to be overcome.
• Financial inclusion, encouraging the new customers to access banking services through the institution’s extensive sales network.

All these have a special impact on social cohesion and the level of welfare of individuals and families, especially among socially vulnerable groups.

MicroBank’s activity is ultimately defined by the following values:

• Social commitment: promoting productive activity, the creation and consolidation of employment and personal and family development.
• Financial inclusion: offering specially adapted products and services to encourage the uptake of banking services by the segments of the population with difficulties in accessing the conventional financial system.
• Accessibility: making over 5,900 customer service centres available to our customers through the “la Caixa” branch network and providing additional services through agreements with more than 515 partner entities.
• Security: establishing a rigorous financial and risk management policy, which has earned the trust and support of notable European financial institutions.
• Sustainability: generating income that ensures business continuity and coverage of the needs required for the bank’s future growth.
• Integrity and transparency: building trust and value for our customers and the environment, always working honestly.

It must be noted that, despite the complexity of the environment and the adjustments experienced in the financial sector, MicroBank has continued to expand its activity by increasing the volume of microcredits granted and the amount lent, especially highlighting the growth in operations to finance entrepreneur projects and micro-enterprises, which during 2013 grew by 40% over the previous year. The difficulty of the situation was reflected in a decline in demand and in a decrease in the average amount applied for in operations, but also in the emergence of new categories of entrepreneurs, seeking an alternative in self-employment in a labour market unable to provide opportunities. It is also important to note that MicroBank has the support of some of the main European institutions dedicated to the promotion of entrepreneurship and microfinance.

MicroBank offers financial products and services tailored to the needs of entrepreneurs, micro-enterprises, individuals and families. Although specialising in microcredits, MicroBank offers its customers a wide range of basic financial products,
such as accounts, credit cards and various services. The range of loans MicroBank offers is divided into three types of microcredits:

**Microcredits for entrepreneurs and micro-enterprises**

- **Financial Microcredit**: A personal loan aimed at self-employed workers and micro-enterprises that need financing to start, expand or consolidate their business, or to meet working capital requirements. They are for a maximum amount of 25,000 euros and are granted without collateral, and have a maximum repayment period of 5 years, with an optional 6-month grace period. As a basic requirement, it is necessary to submit a business plan to study the feasibility of the project proposed for funding. Those eligible to apply for this type of microcredits are self-employed workers with incomes below 60,000 euros and micro-enterprises with fewer than 10 employees and turnovers of less than 1,000,000 euros.

- **Social Microcredit**: A personal loan intended to finance self-employment projects developed by entrepreneurs who may have difficulty accessing the traditional credit system and who have been advised, prior to the granting of the microcredit, by one of MicroBank's partner entities. They are for a maximum amount of 25,000 euros and are granted without collateral, and have a maximum repayment period of 5 years, with an optional 6-month grace period. As with the financial microcredit, it requires a business plan be submitted to study the feasibility of the project proposed for funding.

**Microcredit for individuals and families**

- **Microcredit for individuals and families**: A personal loan aimed at people with incomes below 18,000 euros a year, to finance projects related to personal and family development, as well as specific needs arising from one-off or unforeseen situations. The following are among the most popular uses: Costs related to housing, health, education, disability needs, family reunification or acquiring necessary transportation. They are for a maximum amount of 25,000 euros and are granted without collateral, and have a maximum repayment period of 6 years, with an optional 12-month grace period.

**EcoMicrocredits**

- **Business Ecomicrocredit**: A loan aimed at the self-employed and micro-enterprises looking to invest in environmentally sustainable sectors (agriculture and organic food, renewable energy, waste treatment and management, production or distribution of recycled or organic products, ecotourism...) and/or in products or services which enhance the
efficient use of resources and/or a reduction in their environmental impact (purchase of green vehicles for professional use and/or reforms to improve energy efficiency). The maximum amount is 25,000 euros with repayment terms of up to 5 years.

- **Personal Ecomicrocredit**: A personal loan to purchase sustainable products (appliances rated with energy label A or higher) or green vehicles (cars, motorcycles, electric bicycles and commercial vehicles) and to improve home energy efficiency (financing solar installations, waste water treatment...). The maximum amount is 25,000 euros with repayment terms of up to 6 years.

Since its inception, MicroBank has granted a total of 225,056 loans worth 1,358.6 million euros, aimed at funding different projects and creating new opportunities.
MICROFINANCE AND YOUTH EMPLOYMENT IN EUROPE

THE EMPLOYMENT SITUATION OF YOUNG PEOPLE IN EUROPE

One of the most obvious consequences of the current economic crisis is the continuing loss of jobs and rising unemployment rates since 2008, with indices reaching dizzying figures in the segment of young people between 18 and 25 years of age. The fact is that the recession does not affect all European citizens equally: When overall unemployment increases by 1%, youth unemployment rises 1.8%\(^1\). According to data from July 2013\(^2\), in Europe, there are more than 5.5 million unemployed young people under the age of 25, representing 23.4% (EU28), a figure that almost triples the rate of unemployment among those aged 25 or over, which shows a worrying increase over the figures for July 2012, when the ratio stood at 22.9% (EU27).

The figures of course differ between countries, especially between northern and southern Europe: While unemployment for young people between the ages of 15 and 29 in 2012 stood at 8.1% in Germany, in Greece it reached 55.3%, a situation that continued to worsen throughout 2013. In the case of Spain, the figures are widely known, to the point that the European Commission, in its Monthly Labour Market Monitor of November 2013, recently described the youth unemployment rate as “dramatic”.

If we look at the data from Eurostat, the trend in youth unemployment in Spain in recent years is undoubtedly alarming:

<table>
<thead>
<tr>
<th>Years</th>
<th>Youth unemployment rate</th>
<th>Long-term youth unemployment rate</th>
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<tbody>
<tr>
<td>2012</td>
<td>53.2</td>
<td>35.6</td>
</tr>
<tr>
<td>2011</td>
<td>46.4</td>
<td>32.4</td>
</tr>
<tr>
<td>2010</td>
<td>41.5</td>
<td>29.3</td>
</tr>
<tr>
<td>2009</td>
<td>37.8</td>
<td>18.1</td>
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<tr>
<td>2008</td>
<td>24.6</td>
<td>10.4</td>
</tr>
<tr>
<td>2007</td>
<td>18.2</td>
<td>10.2</td>
</tr>
<tr>
<td>2006</td>
<td>17.9</td>
<td>11.9</td>
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The youth employment crisis is also reflected in the increase in time it takes to find a job, as well as in the lower quality of employment. In Europe, an increasing number of employed young people have atypical jobs, including temporary and part-time jobs. In 2011, part-time youth employment as a ratio of total youth employment in Europe stood at 25%, while another 40.5% of young employees in the region were working on temporary contracts.

Thus, it is not surprising, that youth unemployment is a priority on the European political agenda. Recent research by the EU agency Eurofound, shows that the cost of not integrating the 14 million young people aged 15 to 29 who are currently neither working nor studying is estimated at 153 billion euros\(^3\), a conservative figure that nevertheless represents 1.2% of the European GDP. They are the so-called NEET (“Not in Education, Employment or Training”),

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1. John Evans, Secretary-General for the OECD Advisory Committee, during the conference “Youth Employment - A Call for Change”, 13-14 December 2011.
3. Data as at October 2012.
whose future employability does not improve through investment in skills development, nor do they gain experience through employment. Thus, they are particularly vulnerable to being excluded from both the labour market and from society.

It is therefore an economic cost that also leaves far-reaching implications on social cohesion levels. Many of these young people have adequate educational training and skills to be an active part of society, yet they are unlikely to achieve that in the current context. This situation is especially difficult for young people with less experience, such as recent graduates, and with low educational levels. Many of them are forced to accept precarious jobs, well below their professional profile and skills, and even to emigrate, with the subsequent impoverishment of countries’ resources. Moreover, the failure to find work at an early age has a negative long-term impact; it is more likely that these young people will be stuck in the lower levels of the labour market, with lower wage levels and limited career prospects, which exposes them to greater social exclusion.

The global youth unemployment rate, estimated at 12.6 per cent in 2013, is close to its crisis peak. 73 million young people are estimated to be unemployed in 2013. At the same time, informal employment among young people remains pervasive and transitions to decent work are slow and difficult.

The economic and social costs of unemployment, long-term unemployment, discouragement and widespread low-quality jobs for young people continue to rise and undermine economies’ growth potential.


It is not easy to be young in the labour market today

The weakening of the global recovery in 2012 and 2013 has further aggravated the youth jobs crisis and the queues for available jobs have become longer and longer for some unfortunate young jobseekers. So long, in fact, that many youth are giving up on the job search. The prolonged jobs crisis also forces the current generation of youth to be less selective about the type of job they are prepared to accept, a tendency that was already evident before the crisis. Increasing numbers of youth are now turning to available part-time jobs or find themselves stuck in temporary employment. Secure jobs, which were once the norm for previous generations – at least in the advanced economies – have become less easily accessible for today’s youth.
ENTREPRENEURSHIP AS A WAY TO CREATE YOUTH EMPLOYMENT IN EUROPE

In this context, entrepreneurship and self-employment are seen as one of the few alternatives available for many of these unemployed youths. Europe, however, has never been known for its strong entrepreneurial mindset. If we look at the data from the latest Eurobarometer on entrepreneurship, the EU’s entrepreneurial mindset still lags behind that of many other countries such as the US, Brazil or Turkey. In the case of Spain, according to the latest survey by the CIS in 2012 on youth entrepreneurship, it was observed that only 8.2% were self-employed or entrepreneurs. This percentage was higher among men (9.0%) than among women (7.3%). Regarding educational level, it showed that young people with secondary education were the most enterprising (11.25%), followed by those who had completed post-compulsory secondary education (8.5%) and university students (6.3%).

If we look at intention, according to the same Eurobarometer, the majority of Europeans prefer to be in salaried employment (58%) while only 37% prefer to be self-employed. In Spain this index is still somewhat lower, at 35%. As a result of the crisis, self-employment has become a less attractive option than it was in 2009, when 45% of Europeans stated their preference for self-employment. The main reason given for not wanting to opt for self-employment is the lack of sufficient capital or financial resources to undertake entrepreneurial activities, while one in eight Europeans states that the current economic situation is not suitable for starting a new business. Other reasons given for not trusting the potential of self-employment are the lack of the necessary skills to work for oneself, not having a business idea, the difficulty of reconciling self-employment with family commitments, fear of failure and its consequences or the bureaucratic procedures involved in setting up a business.

The most common reasons given in Spain, compared to the rest of Europe, are the lack of capital and the inadequate economic context. The main fears that Spaniards face when thinking of undertaking entrepreneurship focus around the fear of bankruptcy, which concerns half of the respondents, and even the fear of losing their homes; while a third is concerned about irregular income and lack of security.

However, a change in the trend has been detected, and recent studies show that the number of young people interested in starting their own business has increased in recent years: According to Eurobarometer data, 43% of young Europeans say they would like to start up their own business, compared to 42% who say they are not interested in doing so. Furthermore, the ratio of young people who want to start their own business is higher among those between 15 and 29 years of age (50%) versus those who are in the 30 to 35 age group (34%). The most common motivations for these potential young entrepreneurs include being their own boss, making more money, facing new challenges and avoiding unemployment.

In the case of young Spaniards, according to the Youth Report in Spain, the percentage of young people aged 15 to 29 who would be willing to work as an entrepreneur or be self-employed stands at 46.3%, the percentage of men being much higher than that of women over this job preference. The data also shows that preference for entrepreneurship is higher in young people with primary and secondary education. Again, the data points out that young foreigners have a more enterprising spirit and motivation that young Spaniards. Ultimately, the

4. 2012 Flash Eurobarometer on Entrepreneurship”. Flash Eurobarometer 354
data tell us that there is great potential in young entrepreneurs who, provided they had resources and credit and financial options, would choose to start their own business.

**Some data on youth entrepreneurship in Spain**

- Only 19.9% of young people believe their business would succeed, compared to 2.2% who think it would not, and a large 77.8% who have doubts about the success of the company. Workers employed by others are more willing to undertake entrepreneurship, a total of 77.2%, followed by students (70.6%) and the unemployed (67.8%).

- 52.4% of respondents think that lack of money is the first obstacle to starting a business, and 12.6% believe that lack of bank loans or investors to finance the project are a major drawback.

- Young people believe that the biggest advantage of undertaking entrepreneurship activities is the experience it provides (47%). In second place, the most valued aspect is the possibility of organising their own timetable (31.2%) and not having a boss (15.3%). The most negative is failure (43.1%), uncertainty about the turnover (36.8%) and tax payments for the self-employed (15.3%).

- 53.5% of future entrepreneurs believe it is necessary to increase financial aid to promote the creation of businesses. 17.7% believe a reduction in paperwork is necessary and 11.6% supported the adoption of tax incentives for entrepreneurs.

- 43.4% of respondents would choose to set up a physical business, compared to 11.6% who would prefer an online business. The remaining 45% would opt for a combination of both, with a physical business expanding across the net.

- 14.6% would start a business related to leisure and tourism, 9.5% would engage in commercial activity, 7.1% would focus their business in the field of IT and new technologies, while 6.8% would like to start a business in the field of communications and public relations.

Taken from **1st Adecco Survey on Young Entrepreneurs** (conducted on 1200 young people between 18 and 35 years of age).

At the other end of the spectrum, having stable income, fixed working hours and social benefits are the key reasons why many young Europeans still prefer to be salaried employees. In addition to these reasons related to risk aversion and a more stable way of life, the fact is that young people who want to engage in entrepreneurship still encounter more difficulties and barriers than their adult counterparts: from a mindset not conducive to entrepreneurship, to gaps and deficiencies in training programmes and courses, to complex processes and regulations for starting a business, to a lack of adequate support and monitoring and, of course, very difficult access to financing. In order to address these barriers, the EU, through a set of programmes and tools, is committed to fostering the following objectives:

**Promoting entrepreneurial culture among young people**

Promotion of an entrepreneurial culture is one of the least developed strategic areas and is often badly focused in terms of policies. For this purpose, it is essential to know the attitude and aspirations young people have towards entrepreneurship and tackle the social taboo of failure. Initiatives such as the organisation of business fairs aimed at young people, public relations campaigns featuring young
entrepreneurs, as well as prizes and competitions can help promote a greater entrepreneurial culture among young people.

**Improving training in areas related to entrepreneurship, both in university and in secondary school programmes**

In 2004 the EU suggested that all Member States introduce entrepreneurship education into their national curricula. However, only a few countries have done so. Nowadays, the lack of quality business education as well as inadequate syllabuses and learning methods, a lack of adequately trained teachers and weak links between schools and businesses are still common in most European syllabus programmes.

**Improve access to financing**

The lack of adequate funding for setting up businesses is one of the main barriers for young people wishing to start their own business. According to the Young Spanish Entrepreneurs Survey conducted by ADECCO in 2013, 52.4% of respondents think that the lack of capital is the first obstacle to starting a business, and 12.6% believe that lack of bank loans or investors to finance the project are a major drawback. Due to their lack of resources, limited business experience as well as their weak credibility in terms of credit history or collateral, young people are often regarded as high risk customers, so access to funding is even more difficult for them than for adults. Moreover, we need to add the lack of information young people have about the financial resources at their disposal, as well as overly complex processes and stringent requirements when applying for credit.

**Improving the regulatory framework for entrepreneurship**

Administrative burdens represent key barriers for entrepreneurship among young Europeans. In many countries, government bureaucracy and administrative formalities often push entrepreneurship into the informal economy, as costs and tax levels are too high in the formal economy. This is why, in recent years, some initiatives have been launched in Europe to address this problem. In the case of Spain, for example, social security contributions by the self-employed have been cut by 80% in the first 18 months.

**Improving support services for business development**

Support in the business set-up process plays a key role for any entrepreneur, and even more so in the case of young entrepreneurs because of their lack of previous experience.

The following are particularly noteworthy among European-wide initiatives launched to achieve the above mentioned objectives: “Youth on the Move”, a set of policies on education, and the programme, “New Skills for New Jobs”, which tries to meet the challenge of training highly qualified young people who can respond to the present and future needs of the labour market. The “Jobs for Youth” programme aims to provide SMEs with better access to financing, linking EIB financing to the hiring of young people in these SMEs. Moreover, “Investing in Skills” aims at supporting work-related and job/training skills by investing in education and research services, as well as vocational training, student loans and mobility programmes. In the financial sector, it is important to highlight the implementation of support for microcredit programmes that have significantly increased the availability of small loans, as discussed below.
The role of microfinance in promoting youth employment

As we have seen, lack of funding is a major barrier faced by people who want to start their own businesses. This difficulty is enhanced in the context of the current economic downturn, with funding cuts in traditional banking, especially for SMEs, micro-enterprises and the self-employed, and it is even more evident in the case of young entrepreneurs, most of whom have little collateral, experience or credibility in financial terms.

Given the positive momentum brought about by European policies for entrepreneurship and especially by the CIP (Competitiveness and Innovation Programme) with its microcredit window, and also by the Progress Microfinance Programme, it is not surprising that microcredits in Europe have experienced a 31% increase in recent years, reaching 1.05 billion euros in the period from 2008 to 2011, doubling the number of microcredits during this
period, according to recent data from the European Microfinance Network, to reach 204,080\(^5\). According to this same network, the most active countries are Bosnia-Herzegovina, Spain, France and Poland. In addition, many of these microcredits have been granted to young people as 30% of European microfinance institutions specifically target this segment\(^6\).

In Spain, what actually happened at the beginning of the crisis is that there was a clear decline in the sector as many savings programmes and NGOs disappeared due to lack of funding and resources. However, the total number of microcredits granted experienced the highest increase in Europe in the period between 2010-2011 due to the momentum and growth of MicroBank’s activity in Spain\(^7\). A momentum which is certainly going to consolidate thanks to the recent agreement with the European Investment Bank, which, in September 2013, granted a loan of 60 million euros to MicroBank to finance microcredit projects in Spain. Meanwhile, “la Caixa’s” social bank has added to the loan with an additional contribution of 60 million euros, which makes a total of 120 million euros available to small and medium-sized enterprises with the overriding aim of promoting youth employment through access to finance, especially among young people and the unemployed.

However, microcredits cannot by themselves guarantee young people’s economic integration, but rather they need to be part of a package of measures to boost youth entrepreneurship, including counselling and support services for this group. Those programmes to promote youth entrepreneurship must necessarily reduce the existing barriers and offer more information to young people about microcredit features and availability, and they must be designed to meet the needs of young entrepreneurs. To this end, it is important to treat young people as customers and not as beneficiaries of programmes, given that young people are a heterogeneous group and that, depending on their age, educational level, origin, etc., they may be at different stages of the entrepreneurial venture.

The design and supply of a financial service tailored to the needs of young people ultimately requires the commitment of a group of players, from the public and private sectors, who can provide different inputs and experience in order to offer practical solutions to the challenges faced by youth entrepreneurship. The public sector has a responsibility to implement programmes and policies that foster entrepreneurship, adapted to each local context and that respond to the specific problems of young entrepreneurs, with particular emphasis on providing them with the necessary skills and sufficient experience before they enter the real world of business. Another aspect of special interest to young people is that related to social benefits for the self-employed because, in many cases, being an entrepreneur means losing certain present and future social benefits, which discourages many young people from undertaking entrepreneurial activities.

On the other hand, if the number of loans granted to young people is to be increased, close collaboration between microfinance institutions and entrepreneurial support institutions is paramount, in order to design support services and adequate advisory for each group, which include all matters relevant to young entrepreneurs: Entrepreneurial

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skills training, support in drafting the business plan, coaching and mentoring services, development of business incubators and provision of workspaces for young entrepreneurs, creation of networks and associations to facilitate connection to the business world, etc. For microfinance institutions, the existence of appropriate support and advisory services is a guarantee of success and survival of the micro-initiatives supported and, thus, the return of the loan repayments and economic sustainability.

In short, as the European Commission pointed out, an adequate supply of microfinance services for young people not only responds to the problem of economic growth and entrepreneurship, but also to the challenge of social inclusion.
MAIN FINDINGS OF THE STUDY

4.1. MICRO-ENTREPRENEUR’S PROFILE

In line with previous reports, in this section we have analysed demographic variables such as nationality, age, gender, etc., as well as issues relating to economic and family circumstances in order to draw the profile of the micro-entrepreneur who has been granted a MicroBank loan. Furthermore, these variables used have been analysed specifically for the group of entrepreneurs under 35 years of age in order to determine whether or not there are differences regarding the entrepreneurial profile of older people.

GENDER

Entrepreneurs continue to maintain a balance from a gender perspective, with a small majority of men over women (54% versus 46%). This data follows last year’s trend and represents an increase from data prior to 2012, when the rate of male entrepreneurs was significantly higher than that of females. As we noted in the previous report, this increase in female entrepreneurs may be due to the current economic and unemployment crisis, which has forced more women to seek new job alternatives in self-employment. For young entrepreneurs, the gender distribution is similar, where 52% entrepreneurs are male compared to 48% who are female.

If we look at the destination of microcredit demand, we see that the rate of women applying for microcredits to start a new business is somewhat higher than for men: 57% versus 37%. Most of the men are asking for a loan to expand an existing business, whereas in the case of women, they are asking for it to start a new business.

AGE AND MARITAL STATUS

Some 28% of entrepreneurs are under 35 years of age, but only 3% are under 25; while the largest group consists of those entrepreneurs between 35 and 50, who account for 47% of the total sample. There is also a significant group of entrepreneurs over 50 (25%), a figure that follows the trend of previous years.

As we mentioned last year, there is a predominance of entrepreneurs under 35 who were previously unemployed (both receiving benefits and otherwise): 38% versus 18% of entrepreneurs over 35 who were in this situation. This data, already mentioned in previous reports, reflects the reality of the situation of youth employment in Spain, as we pointed out in
the article that opens this report, with unemployment rates as high as 50% for certain age segments. Moreover, 24% of young people were self-employed before undertaking entrepreneurial activities versus 52% of adults. Some 35% of young people were employed by others, a figure that stands at 30% for the segment above 35 years of age. The percentage of entrepreneurs who were working irregularly is also higher in the case of those under 35 (2%) than in those 35 or older (1%).

In terms of entrepreneurs’ marital status, most of them are married (59%), while the second largest group comprises single people (29%). The data does not show significant changes compared to previous years. As is to be expected, among young people the ratio of single people is higher than of married people (57% are single versus 42% who are married). In this group, moreover, the proportion of divorced or widowed persons is very low (only 1% versus 12% overall).

EDUCATION

Following the pattern of previous reports, the data showed that most entrepreneurs have completed secondary education (46%). This year, however, there has been an increase in the ratio of those with higher education (28%) compared to those with primary education (24%), a figure that contrasts with the predominance of this second group as shown last year, where 30% of respondents had primary education, while only 25% had higher education. The differences are not very noticeable, but they suggest that the crisis has led to an increase in the number of people with high levels of training undertaking entrepreneurship and self-employment. Moreover, the percentage of entrepreneurs with no education remains very low, at 2%.

WHAT IS THE LAST LEVEL OF EDUCATION YOU HAVE COMPLETED?

In the case of entrepreneurs under 35, it is noteworthy that the majority group is made up of those with secondary education at an even higher ratio.
(53%), while there is also a greater ratio of young entrepreneurs with higher education (33%). The ratio of those with no education or only primary education is lower than in other age groups (at just 1%).

If we look at the level of educational attainment by gender, although not very significant, some differences were found. Thus, the level of education is higher in the case of female entrepreneurs (30% compared to 26% in males) while for both men and women the largest group is the one with secondary education.

ORIGIN

As we found in previous editions of this study, Spain remains the clear winner in terms of microcredits granted to entrepreneurs: 81% of the total. In second place, also following the pattern of previous years, are the micro-entrepreneurs from Latin American countries, with 12% versus 15% in 2012, and, far behind, those from other European countries, at 4% compared to 5% the previous year.

Romania remains the European country from which most micro-entrepreneurs come, followed by France, Germany and Italy, and far behind, and in sporadic cases, other countries such as Portugal, Lithuania and Poland. Among micro-entrepreneurs from Latin America, the majority still come from Argentina, followed Venezuela, Colombia and Uruguay. There are far fewer entrepreneurs from other countries such as Ecuador, Peru, the Dominican Republic, Chile, Bolivia, Brazil, Paraguay and Cuba.

The presence of Asian entrepreneurs is very limited, with only a few cases from countries such as Armenia, China, Pakistan, India and Lebanon. In the case of Africa, the only entrepreneurs found were from Morocco.

Among foreign micro-entrepreneurs, most have been living in Spain for the last 5 to 13 years (70%); none of the micro-entrepreneurs have lived in the country for less than 5 years.

PREVIOUS EMPLOYMENT STATUS

In most cases, entrepreneurs were working prior to the granting of the microcredit: Most were self-employed (45%) or salaried employees (29%), and some were even employed illegally (1%). The percentage of entrepreneurs coming from a situation of unemployment (receiving benefits or otherwise) stands at 24%, just one point below the...
figure from the previous report. Thus, the data is in line with the trend of previous years, showing no significant changes.

**WHAT WAS YOUR EMPLOYMENT SITUATION PRIOR TO THE GRANTING OF MICROCREDIT?**

Moreover, if we analyse the employment situation of the entrepreneur before setting up the micro-entreprise, we find that there are some differences between men and women. **Both genders were employed in most cases before the launch of their business**, although in the case of men, the percentage of self-employment is far higher than that of other situations. Thus, 54% of men were self-employed, in comparison to only 33% of women.

Moreover, the percentage of women who were unemployed is much higher than that of men: 31% of women were unemployed (receiving benefits or otherwise) before setting up their business, while only 17% of men were unemployed. Lastly, it should be noted that there are no significant gender differences in the length of time entrepreneurs were unemployed, where the largest group, in both cases, spent less than 6 months.

![Employment Situation Prior to Microcredit](image)

**FEMALE ENTREPRENEURS: EMPLOYMENT SITUATION PRIOR TO THE MICROCREDIT BEING GRANTED**

- Had never worked in Spain: 1%
- Worked illegally: 1%
- Unemployed and receiving benefit: 10%
- Unemployed and not receiving benefit: 14%
- Worked as salaried employee: 29%
- Self-employed worker: 45%

If we look at the group of entrepreneurs under 35, as noted earlier, the percentage of those who were unemployed before starting their business is higher than for other age groups. **Thus, 38% of young entrepreneurs were unemployed, a figure that stands at 18% for those over 35.** Moreover, the percentage of under 35s who were self-employed is significantly lower than those over 35 (24% vs. 52%), which shows that this group has less experience when undertaking entrepreneurship. In most cases, young people had been salaried employees before starting their own business (35% of cases).
MALE ENTREPRENEURS: EMPLOYMENT SITUATION PRIOR TO THE MICROCREDIT BEING GRANTING

If we compare this information against the GEM report, we find that the percentage of people who have started a business in Spain from a situation of unemployment stands at 13.3% for 2012, a much lower rate than the one provided in the aforementioned report (24%), which shows that people who apply for a microcredit are in a situation of need and possibly have lower creditworthiness.

On the other hand, there are some differences in previous employment status among entrepreneurs whose business is still running against those who had to close it. Thus, the percentage of people who were self-employed is much higher among those entrepreneurs whose business is still running than among those who have already closed it: 51% versus 30%. As already indicated in the previous report, which also reported similar data, this difference shows that previous experience in self-employment can be a success factor in starting a business. In the case of businesses that have been closed down, the largest group is the people who had previously worked as salaried employees (36%), whereas the percentage for those people with a business running stands at 26%. Moreover, there are more entrepreneurs coming from a situation of unemployment among those who have closed their business than those who kept it running (21% versus 32%).

It must be mentioned that, as we stated in the previous report, most entrepreneurs coming from unemployment were unemployed for more than six months (65%), a figure similar to the levels recorded in 2012. In addition, it is noteworthy that 16% of entrepreneurs had been unemployed for more than two years when they decided to launch their own business. There are slight differences regarding entrepreneurs under 35, with a higher percentage of them who had been unemployed for less than 6 months (41% compared to 35% overall).

Lastly, it should be noted that 35% of respondents were receiving benefits at the time of the interview, a percentage that drops to 23% in the case of entrepreneurs under 35. In most cases, respondents received unemployment benefits (45% of cases); also notable were those receiving a pension (widowed, disability, retirement, etc.): 34%. Only 11% of respondents currently receive family support.

PREVIOUS EXPERIENCE

Some 57% of micro-entrepreneurs had never managed a business before, a percentage that represents a small decrease from the previous year, when the rate stood at 62%. The differences are not very significant in the case of still running or closed down businesses: 43% of the entrepreneurs interviewed whose businesses are still running had managed a business before, compared to 40% of entrepreneurs whose business is currently closed. This small difference does not allow conclusions to be drawn about the importance of previous experience in business management on the rate of business success.

Among those who had previous experience running a business, they had mostly done so abroad: 58%, a finding that may indicate that entrepreneurs who had run a business before were of foreign origin, and that entrepreneurial culture in Spain is still below that of many other European countries and the rest of the world. However, there has been an increase in the percentage of entrepreneurs who had previously run a business in Spain, from 19% in 2012 to 28% shown in the figures of this report. In line with the results of previous reports, we find that in 66% of cases, that the previous business, both in Spain and abroad, was related to the current business.

In order to gain insight into the nature of the experience of young entrepreneurs, two new questions were introduced into the questionnaire. The results show that 82% of entrepreneurs under 35 had not had any business management or business start-up training, while 79% had never set up any business or business activity before. A lack of training and experience related to entrepreneurship seems evident for the group of entrepreneurs under 35, which highlights the gaps in the current educational system, as well as the lack of a strong entrepreneurial culture in our country.

ECONOMIC STATUS AND FAMILY INCOME

Entrepreneurs’ net monthly household income does not exceed €2,000 in 64% of cases, with the majority of households having incomes between €1,000 and €1,499 (25% of cases).
Most micro-entrepreneurs’ households and micro-enterprises are made up of two to four people (80% of households). Only 11% of households are made up of just the entrepreneur him/herself, while only 2% consists of six or more people.

In 30% of cases there are no members dependent on the income generated by the microcredit-launched business, while in 26% of cases there is one income-dependent person and in another 26% of cases there are two income-dependent people. These figures, which are similar to those of previous reports, show the great responsibility that, in many cases, the entrepreneur bears for the success of their business.

In 37% of cases, the micro-entrepreneur’s income contribution to the family budget is greater than 75%. Only 15% of cases represent less than 25% of the family budget.
Only 22% of respondents stated that they make ends meet comfortably, while the vast majority (58%) do so struggling and 15% even state that they fail to do so. This figure is in line with the trend of previous years; no worsening of the overall situation of micro-entrepreneurs is detected. For young entrepreneurs, the percentage of those who struggle to make ends meet increased to 62%, while those who said that they failed to do so decreases to 13%. It is also worth noting that the vast majority of households do not save more than €500 per month.

Finally, if we look at entrepreneurs’ debt levels and creditworthiness, it is noteworthy that a large majority have not applied for any other credit since obtaining a microcredit from MicroBank (76%), while those who actually applied did so for credits also intended for their business (47% of cases) or personal loans (35% of cases). Mortgages account for 13% of the loans requested. There are no significant differences in the figures for entrepreneurs under 35.

**REASONS FOR CREATING THE BUSINESS**

In previous reports we found that most entrepreneurial activity was linked to opportunity, although necessity (unemployment, seeking job opportunities) was also one of the main reasons for starting a business. The data analysed in this report is in line with previous reports, detecting only a slight decrease in entrepreneurship related to opportunity and an increase in the willingness to become more independent as the main argument for launching a business. Necessity-related entrepreneurship remains a significant percentage (25% of cases), while the desire to increase revenues accounts for 8%. Moreover, the main reason that appears in the “Other” section is to continue with the family business.

**COULD YOU PLEASE INDICATE WHAT WAS THE MAIN REASON THAT LED YOU TO START A BUSINESS?**

In the case of entrepreneurs under 35 years of age, the reasons for undertaking entrepreneurship show similar percentages, with a higher ratio of people who have...
started their own business coming from a situation of unemployment (28% of respondents).

On the other hand, if we analyse the relationship between the reasons for undertaking entrepreneurship and the success rate of businesses, we see that few differences exist. We only found a higher ratio of people who had decided to undertake entrepreneurship due to their unemployment situation in businesses that had already been wound-up than in those that were still running (29% versus 23%), and a higher ratio of people whose main motivation was to increase their income in the already closed businesses (11% versus 6% in running businesses). We see, however, that entrepreneurship for opportunity has similar percentages in both cases, which does not allow definitive conclusions to be drawn about the relationship between the reasons for undertaking entrepreneurship and the success rate of the businesses.

**REASONS FOR UNDERTAKING ENTREPRENEURSHIP IN RUNNING BUSINESSES**

![Pie chart showing reasons for undertaking entrepreneurship in running businesses]

- 22% I saw a clear business opportunity
- 6% I wanted to increase my earnings
- 25% I was unemployed and opening my business was a way of attaining employment
- 23% I was afraid of losing my job and opening my business was a way of ensuring I had work
- 13% I wanted to gain independence

**CURRENT EMPLOYMENT STATUS OF THE MICRO-ENTREPRENEUR**

Some 87% of respondents with a running business are currently self-employed in their own business, while 6% are employed by others.
For those entrepreneurs whose business is closed, their employment situation is marked by unemployment, which affects 49% of respondents who answered this question. Another 33% are salaried employees, a ratio that in the case of businesses still open is just 6%.
4.2. THE CHARACTERISTICS OF THE BUSINESSES

This section aims to analyse the main characteristics of the businesses that have been launched thanks to microcredits granted. As in the previous section, we have also analysed the variables for the group of entrepreneurs under 35 in order to determine if businesses launched by the latter have different characteristics compared to those launched by older entrepreneurs. Moreover, the differences between running/closed businesses have also been taken into account, and an attempt made to determine critical factors for their success.

LEGAL STATUS AND NUMBER OF PARTNERS

Some 80% of companies do not have their own legal status and their entrepreneurs are self-employed. Limited companies, 9%, are the most common legal status, while other forms obtained only minority percentages.

In the case of entrepreneurs under 35, the percentages are similar to those overall, with 78% self-employed and 8% of entrepreneurs opted for a limited company. The majority are self-employed for both start-ups and for those cases where microcredit has been used to expand an existing business.

Moreover, it is noteworthy that most businesses have a single owner (66%) or two (28%), which corresponds to the majority of self-employed workers as previously seen.

NUMBER OF PARTNERS OF THE CREATED BUSINESSES

SECTOR OF ACTIVITY

Some 44% of the businesses created with microcredit aim at starting professional services, whereas 31% belong to the retail sector. As in previous reports, the businesses linked to hotels and restaurants are also significant, accounting for 17% of the total. The growing number of initiatives related to new technologies are also worthy of mention, and now reach 3% of the total.
In the case of entrepreneurs under 35, the percentages are similar; we should only highlight the higher percentage of businesses to do with new technologies (5%) and professional services (48%), as well as a smaller retail and primary sector presence. Looking at the success rate of businesses by sector, we see a high rate of closed businesses in the retail sector (39%) and the hotels and restaurants sector (21%). Among the businesses still running, there is a greater proportion of businesses that offer professional services.
AREA OF ACTIVITY

As for the geographical scope of activity, most of the businesses (70%) are local (district and/or city). International businesses continue to represent a small percentage of the total, at only 8%.

65% of microcredits have helped to start a new business and 35% to expand an existing one.

In 25% of cases, microcredit has accounted for more than 75% of the investment to start or expand the business, a percentage that rises to 28% in the case of entrepreneurs under 35.

INVESTMENT AND BUSINESS FINANCING

Of the microcredits granted, 47% have been used to start a new business whereas 53% were allocated to expanding an existing one. In the case of entrepreneurs under 35, the ratio is different:

Moreover, in line with data from previous reports, there are no significant differences in the level of investment for businesses that are still running in relation to those that have already closed.

Private resources represent an average of 54% of the total initial investment for the entrepreneurs taking part in the survey, whereas microcredits account for 49%. Borrowing from friends and family also plays a major role in the creation of businesses, with an average of 34% of total investment.
SIZE OF THE ENTERPRISE AND WORKING CONDITIONS

The aforementioned data points to small size enterprises, with 57% of businesses only generating self-employment followed by 18% that only have one employee. Only 6% of respondents have businesses with five or more employees.

HOW MANY EMPLOYEES ARE YOU IN CHARGE OF?

Look at working conditions of the entrepreneurs participating in the survey, it seems that 45% of respondents work 10 to 12 hours in the business, and 8% report working more than 15 hours a day. No substantial variations for entrepreneurs under 35 were found in this case.

On the other hand, 45% of respondents also work Saturdays and Sundays, while another 36% do so on Saturdays, with just 18% not working weekends. In addition, the vast majority of entrepreneurs do not or have not had any family support in the business (73% of respondents). Hence, the data follows the trend of previous reports, demonstrating the dedication required to set up micro-enterprises, with working days in excess of 8 hours in most cases, not to mention the commitment on weekends. The harshness of these working conditions is certainly related to the little entrepreneurial activity that exists in Spain, compared to other European countries and the rest of world.
4.3. OPERATION OF THE BUSINESSES

In this third section, we continue analysing businesses launched thanks to the microcredits granted, according to their operation, their success rate and the perception entrepreneurs have of them.

SUCCESS AND BUSINESS CONTINUITY

Some 73% of businesses granted a microcredit are still running, while 24% closed and 3% are under transfer. These figures are identical to those in the previous report; thus, we have not detected any decline or improvement in performance of businesses in this last year.

In the case of entrepreneurs under 35, the success rate is a little lower, with 70% of businesses running, 26% closed and another 4% under transfer. Thus, the figures seem to indicate that the inexperience of youth plays a role in the likelihood of success or failure of a business. If this variable is also analysed by gender, we see that female entrepreneurs seem to have more difficulty achieving success with their businesses, with 68% of businesses running against 77% for men. Such figures are similar when analysing entrepreneurs under 35 years of age, with a success rate of 66% for women under 35 versus 74% for men under 35.

Thus, although with little variations, age and gender seem to influence the likelihood of business success.

As we stated in the previous report, the rate of business success also varies depending on whether microcredit has been used to start a business or expand an existing one. Thus, 62% of businesses created with microcredits remain operative, while this figure rises to 82% in the case of microcredits granted to expand the business. The implementation of new initiatives, therefore, appears to imply more risk factors.

As has been pointed out throughout this report, this edition has placed special emphasis on analysing entrepreneurship activities of entrepreneurs under 35. In this sense, it is interesting to learn their views on what factors are key for a business to be successful.
Some 53% of entrepreneurs under 35 think that one of the key success factors for businesses is to devote a lot of time to them, followed by surrounding yourself with a good team and good partners, as well as closely monitoring business costs. The factors scoring lower are commercial capacity, previous experience in business management (which falls in line with the overall lack of experience we have found in this group), and that the business idea must be very good.

Regarding the operation of businesses launched with microcredits, it is noteworthy that 46% of employers with running businesses consider these to be performing well or very well, with a very modest two-point increase over the previous year (which, compared to 2011, reported a 13% drop in the percentage of entrepreneurs who felt that their business was performing well or very well). There is still a significant percentage of entrepreneurs who believe that their business has a mediocre performance (45%) or even a poor performance (9%).
The aforementioned small increase in the percentage of entrepreneurs who think their business is doing well or very well is reinforced when entrepreneurs are asked about the improvement of the business from the previous year, as well as the prospects for the future. Hence, a small majority of entrepreneurs think their business is doing better than the previous year. Moreover, in terms of the entrepreneurs’ expectations, it is important to note that despite the economic environment, 48% believe their business will grow considerably or moderately, while another 40% think it will remain stable. Only 5% foresee a decline in their business.

All entrepreneurs under 35 are more optimistic about the performance of their business. Thus, 57% of respondents felt that their business is doing well or very well (compared to the 46% previously mentioned and 41% corresponding to the group of entrepreneurs aged 36 or over). Moreover, the percentage of entrepreneurs who think their business is working better than the previous year is also higher in the group of entrepreneurs under 35 than for older entrepreneurs, 43% versus 31%. Entrepreneurs under 35 are also more optimistic about the future than older entrepreneurs, with 53% of respondents believing that their business will grow next year and another 34% who think it will remain stable.
CLOSURE OF BUSINESSES

The main reason for closing a business is, of course, lack of profitability, personal or family problems; lack of liquidity or delinquency are also noteworthy reasons for closure.

Failure in the business venture leaves most entrepreneurs without the will to start a new business, with 73% of respondents stating that they do not plan to open another business, a percentage that decreases somewhat when analysing the answers of entrepreneurs under 35 (68%).

ABILITY TO REPAY THE LOAN

Some 77% of businesses generated or will generate sufficient income to repay the loan, a percentage representing a slight increase over the previous year, when the percentage stood at 72%.

Among these, 63% of the total generated or will generate enough income to meet the repayments from the start. All entrepreneurs under 35 seem to have more difficulties in repaying microcredits, with a percentage of 72% of entrepreneurs whose businesses generated or will generate enough income (compared to 77% overall) and 21% of entrepreneurs saying their business does not generate enough income to repay the microcredit (compared to 17% overall).

Moreover, this percentage is significantly different when microcredit was used to start a new business or expand an existing one. Thus, in the case of creating new businesses, 69% of them have generated enough income to repay their microcredit (either from the start, after a few months or with many difficulties). This percentage rises to 85% in the case of the expansion of an existing business, where, among this group, 72% of businesses have generated sufficient income to repay the microcredit from the start (compared to 53% for new businesses).
In 82% of cases, entrepreneurs have paid the monthly instalments. This average figure is 78% for new businesses and 85% for expansion of existing businesses. Moreover, this rate decreases to 68% in the case of closed businesses while it stands at 87% in the case of businesses that are still operating. The main reason for not being able to pay the monthly instalments on the microloan is, of course, lack of income and lack of liquidity.
4.4. THE IMPACT OF MICROCREDIT

In line with previous editions of this report, finding out about the socio-economic impact of microcredit has been one of the primary objectives of this study, distinguishing between those businesses that remain open from those that have been forced to close. Furthermore, in this edition, special emphasis has been placed on testing whether these variables show significant differences for the group of entrepreneurs under 35.

IMPLICATO SELL ON BUSINESS CREATION

As mentioned in previous editions, the results of the study confirm the value of microcredit as a tool for the creation of micro-enterprises. 56% of respondents believed that they would not have been able to start or expand their business without microcredit, while another 20% think they could have done so, although with great difficulty. These results are even more significant if we consider only the group of entrepreneurs who have launched a new business initiative. In that case, 65% of entrepreneurs claim that it would not have been possible for them to launch their business without the support of microcredit. Therefore, microcredit has proven a vital tool for the creation of new business initiatives.

IMPACT ON CREATION OF EMPLOYMENT AND ON JOBS

Moreover, if we analyse the importance of microcredit in the initial funding of the business, it can be seen that, as noted earlier, in 25% of cases microcredit has accounted for more than 75% of the investment to start or expand the business. This percentage goes up to 30% if we analyse only the responses of those entrepreneurs who have launched a new business initiative.
Although 76% of respondents have no plans to employ anyone in the next twelve months, 24% do plan to do so, which still shows the potential of microcredit for job creation. Among the latter, most will be employing one or two people (88% of cases), with 6% planning to hire more than 5 employees. On the other hand, if we analyse the redundancies, it can be observed that 20% of entrepreneurs have been forced to dismiss one or more employees in the last twelve months.

Apart from self-employment, starting a business promotes the employability of micro-entrepreneurs. Among entrepreneurs who have been forced to close their business, 39% think this experience has been useful for getting their current job. The latter percentage increases if we only analyse the data for entrepreneurs under 35, with 47.5% who do believe their business experience has helped them get their current job.

Moreover, 53% of respondents believe they are better prepared to face the future than before the microcredit was granted. Once again, the data is different for running or closed businesses: Whereas 57% of employers with running businesses feel more confident and prepared, in closed businesses the percentage decreases to 43%. Only 2% of entrepreneurs with running businesses feel less capable and prepared, while 9% of those with closed businesses feel that way. Some 91% of entrepreneurs feel better prepared and able to believe that the granting of microcredit has contributed to this improvement, while this percentage is at 65.5%, even for those entrepreneurs who have closed their business.
It is interesting to note that this feeling of being better prepared for future employment does not come, in most cases, from better training, since only 28% of respondents have completed a training course since the granting of microcredit, a training course which has mostly been related to the current business activity.

In any event, this awareness and feeling of increased capacity and preparation is key for future employability and also for entrepreneurial activity and new business creation. Indeed, 21% of entrepreneurs with closed businesses plan to open another business.
IMPACT ON THE SOCIO-ECONOMICAL SITUATION OF ENTREPRENEURS

Naturally, the results obtained by analysing the variables relating to the economic impact of microcredit vary significantly if we compare the businesses that are still running to those that have been forced to close.

When asked about the impact of microcredit on their income level, the data indicates that **34% of entrepreneurs believe it has increased it, whereas another 38% think it has remained the same.** In the case of entrepreneurs under 35, these percentages are 39% and 32% respectively. When analysing the responses separating running businesses from closed ones, there are substantial variations, as initially pointed out: While a majority of entrepreneurs with running businesses think that their income has increased or remained the same, the majority of those with closed businesses believe it has decreased.

**WOULD YOU SAY THAT YOUR DISPOSABLE INCOME HAS INCREASED OR DECREASED DUE TO MICROCREDIT?**

**RUNNING BUSINESSES**

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<th>Response</th>
<th>Percentage</th>
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<td>43%</td>
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**CLOSED BUSINESSES**

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<th>Percentage</th>
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<tbody>
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<td>42%</td>
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<td>15%</td>
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The results are similar if we analyse the perception of the improvement in entrepreneurs’ quality of life. While 36% of entrepreneurs with a closed business state that their quality of life has worsened, **51% of entrepreneurs with a running business say it has improved.** It is noteworthy that the perception of the improvement of quality of life among entrepreneurs with closed businesses has improved over the previous year, in which the percentage of entrepreneurs who believed that their situation had worsened was 45%. Furthermore, 24% of the latter believe that their situation has improved a little or a lot, a percentage that only stood at 16% last year. Therefore, some of the data in this report point, albeit timidly, to some improvement in both the situation and operation of the businesses, as well as in the perception and outlook for entrepreneurs, in line with the first symptoms and/or expectations of an upturn in the economic crisis.
Among the entrepreneurs who have increased their income, a large majority has reinvested in the business, however the percentage of those who have allocated the money to family expenses is also significant. Of entrepreneurs who have been able to reinvest in their businesses, 36% managed reinvestment figures of €25,000 or more.

Moreover 43% of micro-entrepreneurs with running businesses believe their current economic situation is better than it would have been if they had not been granted a microcredit, with 20% who believe their situation is worse. For entrepreneurs with closed businesses the figures are naturally less positive, with 35% who consider themselves in a worse financial situation and 30% who think they are in a better one. Once again, there is a slight improvement in the data, as the same figure last year stood at 43% for those who felt they were in a worse situation and 28% for those who thought their situation had improved. This are no significant differences when analysing only the results of entrepreneurs under 35 years of age.
WITH REGARD TO THE ECONOMIC SITUATION YOU WOULD HAVE IF YOU HAD NOT APPLIED FOR A MICROCREDIT, WOULD YOU SAY IT HAS IMPROVED OR WORSENED? RUNNING BUSINESS

<table>
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<tr>
<th>Better</th>
<th>The Same</th>
<th>Worse</th>
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<tr>
<td>43%</td>
<td>28%</td>
<td>20%</td>
<td>9%</td>
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WITH REGARD TO THE ECONOMIC SITUATION YOU WOULD HAVE IF YOU HAD NOT APPLIED FOR A MICROCREDIT, WOULD YOU SAY IT HAS IMPROVED OR WORSENED? CLOSED BUSINESS

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<tr>
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<th>The Same</th>
<th>Worse</th>
<th>No answer</th>
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<tbody>
<tr>
<td>30%</td>
<td>26%</td>
<td>35%</td>
<td>9%</td>
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The highly positive opinion held by entrepreneurs on microcredits is reflected also in the following results:

PLEASE INDICATE WHETHER YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS: “AS A RESULT OF APPLYING FOR THE MICROCREDIT, NOW...

- 52% My family life is better
- 51% I play a more active part in my community
- 61% I feel more independent and that I have more control over my life
- 57% I feel more confident about the future
- 58% I feel more integrated in my environment
- 71% I feel surer of my capacity as an entrepreneur and a businessperson
- 52% I make a bigger contribution to the household economy
- 33% I have greater access to other types of financing
These results are even more positive if we analyse the answers of those entrepreneurs whose businesses are still running:

- **My family life is better** (55%)
- **I play a more active part in my community** (53%)
- **I feel more independent and that I have more control over my life** (63%)
- **I feel more confident about the future** (61%)
- **I feel more integrated in my environment** (60%)
- **I feel surer of my capacity as an entrepreneur and a businessperson** (74%)
- **I make a bigger contribution to the household economy** (60%)
- **I have greater access to other types of financing** (38%)

**Over 70% of entrepreneurs taking part in the survey believe that as a result of having applied for microcredit they are now more confident in their abilities as entrepreneurs and employers, while over 50% believe it has also helped improve their family life, allowing them to contribute more to the household economy and has even encouraged their active participation in the community and their integration into the environment and given them more control over their lives and confidence regarding the future.**

The results show that while this is a tool that has a very uneven economic impact depending on the success or failure of the business started, even when businesses fail there is a significant percentage of entrepreneurs who value the role of microcredit and the impact it has had on their socio-economic, professional and even personal situation.
CONCLUSIONS

The trend shown in this report enables us to draw some conclusions regarding the use of microcredit, its ability to create businesses and employment, as well as changes in recipients’ profiles. Thus, in this concluding section, in addition to presenting the key ideas of the foregoing paragraphs (profile of entrepreneurs, characteristics and performance of launched businesses and the socio-economic impact thereof) special attention has been given to pointing out some factors that seemed most relevant for determining the success or failure of the business initiatives launched. Moreover, as we have been pointing out, special attention has been given to finding out if the undertaking of entrepreneurial activities of the under 35’s has different characteristics compared to older entrepreneurs.
5.1. MICRO-ENTREPRENEURS AND THE BUSINESSES CREATED UNDER THE SUPPORT OF MICROBANK. BRIEF DESCRIPTION

PROFILE OF MICROBANK’S MICROCREDIT RECIPIENT

In the previous report we pointed out that, as a result of the current crisis, the profile of the microcredit recipients in Spain was gradually becoming standardised. At the beginning of the decade 2000, the main microcredit programme customer in our country were people at risk of social exclusion (immigrants, long-term unemployed, single-parent households, vulnerable women, people with disabilities, etc.), and over several years we have found an increasing correlation between the profile of the MicroBank microcredit recipient and that of the average credit recipient in our country (as reflected in the GEM report), although there are still some differences, especially linked to entrepreneurs’ economic situation.

The aforementioned GEM Report for 2013 shows that the average profile of the entrepreneur in Spain is that of a man of Spanish origin, over 38 years of age, with secondary education and specific training to undertake entrepreneurial activities. This is an individual in the upper third income level and who was working before starting his business.

In the case of credits granted by MicroBank, as we indicated, we find variables that follow the same patterns: Hence, in most cases the recipient is a male (54%), Spanish origin (81%), married (59%) between 36 and 50 years of age (47%), with secondary education (46%) and self-employed before starting the business (45%).

There are differences with regard to the economic situation of entrepreneurs, with a majority with net family incomes of less than €2,000 per month in the case MicroBank recipients, which shows the value of microcredit for labour-market inclusion in the most disadvantaged sectors of the population with fewer financial possibilities.

Indeed, MicroBank’s microcredit recipients are mostly in more complex economic and family-related situations than those of entrepreneurs included in the GEM Report. Thus, in 80% of cases they involve households consisting of two to four people, while in just 30% of cases there are no family members dependent on the income generated by the business launched with microcredit. In 26% of cases there is a dependent family member, in another 26% there are two dependent people, and in 14% of cases there are as many as three people dependent on the income generated by the business launched with microcredit; which gives us an idea of the level of responsibility associated with the success of these business ventures.

Furthermore, in 37% of the cases, the micro-entrepreneur contributes over 75% of the family budget, whereas in 15% of cases it accounts for less than 25% of the family budget. This data shows a negative trend, with 30% of entrepreneurs in the 2012 Report whose income accounted for over 75% of the family budget and 26% in the case of
entrepreneurs. In the 2011 Report. Thus, in line with the current economic situation, the entrepreneur’s household economy has become more precarious. A situation that is clear when asked whether they make ends meet or not, is that only 22% of respondents claim to easily make ends meet, while the vast majority struggle or even fail to do so.

If we continue to analyse the characteristics of this type of entrepreneur, we see that the majority had not run a business before (57%). Looking at why the recipients of MicroBank microcredits opted for entrepreneurial activities, we note that entrepreneurship linked to opportunity came in at the same percentage as that linked to necessity, that is, entrepreneurs who were unemployed and for whom entrepreneurship was as a job opportunity; standing at 25% in both cases. The latter percentage, related to entrepreneurship out of necessity, is at similar levels to those set out in the 2012 GEM Report, with 25.6% of entrepreneurship analysed motivated by the lack of alternative employment.

In other words, we are dealing with a MicroBank microcredit recipient who has all the features of the average Spanish entrepreneur, characterised, however, by a more complex economic and financial situation, which shows, as already pointed out, the value of this tool in contributing to economic, social and financial inclusion for the most disadvantaged people.

**MICRO-ENTERPRISE PROFILE**

Some 47% of microcredits have been used to open a new business, while 53% were allocated to expanding an existing one. Moreover, 80% of businesses, both start-ups and those extended thanks to microcredit, have no independent legal status and their entrepreneurs are self-employed and the only partners; in fact, they are the only full time workers in the business. Most businesses have a single owner (66%) or two partners (28%). There is a slight reduction in single-owner businesses from the previous report and, also, a slight increase in two-partner businesses.

Some 44% of the businesses created with microcredit aim at starting professional services, while 31% belong to the retail sector and an increase has been detected in those related to new technologies. In line with previous reports, it has been found that businesses launched with microcredits are, mostly, local (district or city), with a very slight reduction in international business (9% detected in the 2012 Report to the 8% in the current report).

Microcredit accounts for 49% of the initial investment of the entrepreneurs taking part in the survey. Lending by friends and family also plays a major role in the businesses launched, with an average of 34% of total investment. In 25% of cases, microcredit has accounted for over 75% of the investment to start or expand the business.

Working conditions for entrepreneurs attest to the dedication necessary to implement business initiatives, with 45% of respondents who claim to work 10 to 12 hours a day in the business, to which we must add a further 15% working more than 12 hours a day and 45% who also work on Saturdays and Sundays. In addition, 73% do not have any family support in their business.

Therefore, the summarised data points towards a small business characterised by the effort and dedication of the entrepreneur, which basically generates self-employment and has a modest area of activity. We pointed out previously that the profile of a MicroBank
The microcredit recipient was increasingly in line with the profile of the average Spanish micro-entrepreneur, and, likewise, so is the case of microcredit-driven companies, as we see that they are not too different from most companies launched in our country. Indeed, the Spanish business fabric, unlike other northern or central European countries, is characterised by the prominence of very small sized companies, with an average of 1-3 employees. Such companies, unfortunately, are marked by greater instability and insecurity and more difficult access to credit, especially in times of crisis, yet they remain a key source of employment. Thus, according to Eurostat data for 2011, Spanish micro-enterprises (0 to 9 employees) generated 38.5% of employment in our country, a figure that rises to nearly 80% if we include SMEs and the self-employed, which highlights the enormous importance of this business profile in economic growth. A profile that ultimately accounts for 94.1% of the total, compared to 5.8% for SMEs and 0.1% for large companies.

**OPERATION OF THE BUSINESSES**

As we have already pointed out in previous reports, the survival rate of businesses launched or expanded through microcredit presents the usual levels associated with micro-enterprises. Some 73% of businesses launched with microcredit are still running, while 24% closed and 3% are under transfer.

Such survival, in the current crisis context and taking into account the contribution micro-enterprises make to growth and job creation we have just noted, is certainly a topic of great importance, which is influenced by a multitude of factors and conditions. In this report, we have been focusing on the analysis of the relationship between the business success rate and a number of variables. Thus, we have seen that the entrepreneur’s age and gender seems to influence the likelihood of business success or failure. Younger entrepreneurs, perhaps due to lack of experience, showed somewhat lower success rates. Female entrepreneurs also appear to have more difficulty achieving success with their businesses, with 68% of launched businesses proving successful versus 77% for male entrepreneurs.

Moreover, the success rate also differs when talking about start-ups or expanding an existing business. Thus, 62% of businesses created with microcredit remain operative, while this figure rises to 82% in the case of microcredit granted to expand the business. Therefore, the implementation of new initiatives appears to have more risk factors.

Looking at the success rate of businesses by sector, we see a high rate of closed businesses in the retail sector (39%) and in the hotel and restaurant sectors (21%). Among the businesses still running, there is a greater proportion of businesses that offer professional services. However, there is a higher proportion of closed local businesses (35% compared to 23% of running businesses).

The figures in this report do not show a significant difference in the success rate of businesses created depending on the motive which led to the entrepreneurial venture. Thus, entrepreneurship by opportunity rates are similar in both running and closed businesses.

The only aspect worth noting is that among the businesses closed, there is a higher proportion of entrepreneurs who have decided to undertake entrepreneurship because they were unemployed (entrepreneurship by necessity): 29% versus 23% in businesses still running.

On the other hand, previous employment status of the entrepreneur seems to have some influence on a
business’ success rate. Thus, the data shows that the percentage of people who were self-employed is much higher among those entrepreneurs whose business is still running than among those who have already closed it: 51% versus 30%. In the case of closed businesses, the largest group is represented by the people who previously worked as salaried employees (36%), a percentage that stands at 26% when the business is still running. Moreover, more entrepreneurs coming from unemployment have been forced to close their businesses than those who have kept them running.

Furthermore, it is also important to highlight entrepreneurs’ perceptions and expectations about the operation of the business. The data shows that **40% of entrepreneurs consider their business is doing well, 6% think that it is doing very well** and most people still believe their business performance is average (45%). In any case, most entrepreneurs think their business is doing better than the previous year, and, despite the economic environment, 47.5% believe it will grow moderately in the coming year.

Lack of profitability is the main cause of business closure. In **77% of cases, businesses closed because they were not profitable**. Other reasons for closure were personal or family problems and lack of liquidity or default.

Lastly, it should be noted that most businesses have generated enough income to repay the loan since their inception.
The socio-economic impact of microcredit logically differs if we compare the data of entrepreneurs with running businesses against those with closed ones. Thus, whereas 40% of entrepreneurs with running businesses have attained increases in their incomes, naturally for those entrepreneurs who have been forced to close their business, results are not as positive, with 42% claiming their incomes have declined and 36% who believe that their quality of life has deteriorated. Most entrepreneurs with a running business believe their quality of life has improved (51%), a percentage that is slightly up on last year’s figure, which reveals a modest improvement in economic expectations among Spanish entrepreneurs, in line with the first indications of an upturn in the country’s economic crisis.

Although the economic impact differs for successful entrepreneurs and those who have closed their business, the perception the contribution microcredit has made in the life of an entrepreneur is mostly positive. Thus, 53% of respondents feel that they are better prepared to face the future than before the microcredit was granted, a percentage that even among entrepreneurs with closed businesses stands at 43%. Among entrepreneurs who feel better prepared, 91% think that microcredit has contributed to this improvement; even 65.5% of entrepreneurs with closed businesses also believe that. Moreover, this positive perception of the usefulness of microcredit is also reflected in most entrepreneurs with running businesses, who think that their current economic situation is better than it would have been had they not been granted a microcredit. This percentage is logically lower among entrepreneurs with closed businesses, although it still stands at 30%. When asked whether as a result of having applied for microcredit, they had experienced a number of improvements in their economic, social and family life, the majority of entrepreneurs answered positively, with more than 50% who think they have a better family life, are more actively involved in their community and feel more integrated in their environment, are more confident about the future, contribute more to their domestic economy and, ultimately, feel they have more control over their lives. Therefore, it shows the value of microcredit for not only financial but also social inclusion of its recipients. In addition, over 70% of these entrepreneurs believe that they are now more confident in their abilities as entrepreneurs, a figure that provides hope for the future success of entrepreneurs whose businesses have failed, both in setting up a new business and their future employability. This aspect is further ratified by 39% of entrepreneurs with closed businesses who think that the experience of setting up of their business has been helpful for achieving their current job.

In addition to the analysis on the most direct impact of microcredit on entrepreneurs’ economic level, it is also interesting to analyse, as we did in previous reports, its ability for the creation and consolidation of businesses and job creation. Following the trend of previous reports, we see that microcredit is confirmed as a useful tool for the implementation and consolidation of business initiatives, with a vast majority of entrepreneurs who think that they would not have been able to start or expand their business without it. Thus, 65% of respondents who have started their business believe it would not have been possible to do so had they not been granted the microcredit. In addition, another 20% think they would have been able to launch it or expand it but with many difficulties, which corresponds to the fact that in 25% of cases, microcredit accounted for over 75% of the initial investment.
Moreover, the contribution of microcredit to job creation is undeniable, which is one of its most notable impacts: 64% of respondents are employed in their own business (a figure which stands at 87% if we only analyse the data from entrepreneurs with a running business), whereas 43% of the initiatives have at least one employee, noting that 14% of businesses have more than 3 employees. The businesses analysed generated an average 1.18 jobs each, plus the job of the entrepreneurs themselves in 64% of cases, which amounts to an average of 1.81 jobs per business.

Looking just at job creation since the microcredit was granted, we see that 34% of respondents have hired an employee since then, with an average of 2.66 jobs created per business, in addition to which 24% of entrepreneurs plan to hire someone in the next twelve months.

The usefulness of microcredit for job creation is thus unquestionable, despite its weakness continuing to be the quality of the job positions created and entrepreneurs having to work long hours and even weekends.

In short, the data analysed allows us to demonstrate the usefulness of microcredit in aspects such as improving the economic situation of entrepreneurs, its capacity to create and consolidate businesses and their overall contribution to job creation, not to mention their remarkable value for strengthening the entrepreneurial spirit of their recipients and improving their employability and even promoting social inclusion.
As we have stressed throughout this report, special emphasis has been placed in analysing the specific characteristics of youth entrepreneurship. The data shows that although in many variables young entrepreneurs under 35 show the same results as older entrepreneurs, there are some differences that may be interesting to analyse. Thus, as noted earlier, the success rate of the initiatives launched appears to be somewhat lower for young entrepreneurs (70%) of businesses against 73% in overall terms. As can be seen, these are not significant differences, but they may highlight that the inexperience of youth can play a role in the likelihood of business success.

Looking at the young entrepreneur’s profile, we can see that, as in the case of older entrepreneurs, the majority are men, although it is important to note that the gender distribution is more equitable among young entrepreneurs, with female entrepreneurs accounting for 48% of the under 35 group. As in, entrepreneurs over 35, they are mainly Spanish, have been salaried employees and have no prior experience in managing a business. However, there is a greater ratio of entrepreneurs who come from being unemployed than among older entrepreneurs (38% compared to 18%), which shows the highest youth unemployment rates ever in Spain. Moreover, young people who were self-employed before undertaking entrepreneurial activities account for 24%, versus 52% of over 35’s, which naturally implies less experience in undertaking entrepreneurship.

Moreover, there is a higher ratio of single versus married young entrepreneurs (57% against 42%), and there is also a higher ratio of entrepreneurs with higher and secondary education, which indicates that they have a higher level of training.

As for the family and economic situation of young entrepreneurs, it is noteworthy that there are no significant differences. This is the case, for example, in the number of people living at home with younger and older entrepreneurs, with only a higher proportion of households with two people, which corresponds to the stage in their lives young entrepreneurs are at. Moreover, there is a lower ratio of young people whose contribution accounts for over 75% of the family budget and a higher ratio that contributes less than 25%, while income levels of young entrepreneurs are only slightly lower than those of older entrepreneurs.

Analysing the type of business started by younger entrepreneurs, there is a greater proportion of businesses related to new technologies and professional services. Young entrepreneurs are also mostly self-employed and run the business with only one or two partners, like older entrepreneurs, so there are no significant differences in this respect. It is important to point out that there is a higher ratio of young people who have used microcredit to start a new business than among entrepreneurs over 35, a group in which the majority have used it to expand an existing business. Businesses set up by young people appear to be slightly more dependent on microcredit, with a higher proportion of businesses in which microcredit has represented more than 75% of the investment, and a higher proportion of those who think they would not have been able to open their business without a microcredit.

Young entrepreneurs have reasons similar to those of older entrepreneurs for starting up their businesses, with similar percentages among those who saw a business opportunity as among those who did so because they were unemployed. The scope of
the businesses created by the young is also mostly local, with a similar presence in international businesses.

If we look at the working conditions of young entrepreneurs, it can be seen that, in most cases, they are employed in their own business, with a slightly higher proportion of businesses that do not employ anyone else. Young people also spend more than eight hours a day in the business, with most working between 10 and 12 hours a day and also at weekends, and do not have the support of a family member.

Regarding the rating on the operation of the business, young people seem to be a little more optimistic than older entrepreneurs, with a higher proportion of entrepreneurs who think that, compared to last year, their business is doing better and that it will grow moderately in the coming year. Among young entrepreneurs who have been forced to close their business, there is a greater proportion of those who think that the experience has helped them find their current job, as well as those who do not rule out starting another business in the future.

The impact of microcredit on the socio-economic situation of young people is also determined by the success or failure of the initiative launched, although there is a higher proportion of entrepreneurs who believe their income has increased and who value their current situation as being better than if they had not been granted microcredit. The proportion of young people who are now better prepared than before the microcredit was granted is also higher. Finally, it is also interesting to learn young entrepreneurs’ opinions on entrepreneurial activities and business start-up. As noted in the opening article of this publication, in a context in which employment prospects for younger generations have been severely restricted, there has been an increase in the percentage of young people who value entrepreneurial activities and if they had the necessary resources would choose to launch their own business, it is important to know what the expectations and opinions of these young entrepreneurs are in this regard.

Risk aversion immediately appears as one of the greatest fears of these entrepreneurs, with 95% claiming that starting a business implies a greater risk than working for others. Promoting a more entrepreneurial culture is undoubtedly one of the outstanding challenges for the Spanish educational system since, as seen before, youth entrepreneurship rates in Spain lie far behind those of many other European countries. In addition, young entrepreneurs are aware of the severity of working conditions and the need to devote many hours to the business. This is an aspect which, as mentioned above, is considered one of the keys to business success. Thus, 91% of respondents think that undertaking entrepreneurship involves more commitment and less security than working for others.
Entrepreneurship appears as a clear alternative to these young entrepreneurs when they cannot find a job (86% of respondents), while the possibility of increasing their income is a controversial issue, with only 51% who believe that entrepreneurship will allow them to make more money.

Moreover, it is encouraging to note that 81% of respondents declare that entrepreneurship is a more attractive option that provides more personal satisfaction than working for others, and 92% who state that it offers new challenges and the development of new professional skills.

Therefore the data analysed enables us to corroborate the importance of microcredit for these young entrepreneurs, especially for its ability to create employment and offer new employment possibilities for a group that, as we have been pointing out throughout this report, is one of the most affected by the consequences of the economic crisis.
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- Juventud en España 2012 Report INJUVE.
Concerning the business assisted by the microcredit...
Can you tell me what kind of business it is?
.....................................................................................................
.....................................................................................................
Is the business still running?
☐ Yes
☐ No
☐ Transferred
What legal status does [did] it have?
☐ Self-employed
☐ Public Limited Company (S.A.)
☐ Workforce-owned limited-liability company (S.A.L.)
☐ Limited Liability Company (S.L.)
☐ Cooperative (S.C.C.P.)
☐ Other ........................................................................................
Including you, how many partners are [were] there in your company?

Can you tell me the date the business opened? [MO/YEAR]

Can you tell me the main reason that led you to open a business?
☐ I wanted to gain independence
☐ I wanted to increase my income
☐ I saw a clear business opportunity
☐ I was unemployed and opening my own business was a way of attaining employment
☐ I was afraid of losing my job and opening my own business was a way of ensuring I had work
☐ Other ........................................................................................
When did you have to close it? [MO/YEAR]

What was the reason for closure?
☐ Not profitable
☐ Found work elsewhere
☐ Too time-consuming
☐ Family problems
☐ Other ........................................................................................
What is your current employment situation?
☐ Self-employed in the business
☐ Self-employed in another business
☐ Salaried employee
☐ Unemployed
☐ Retired
☐ Other ........................................................................................
☐ No answer
What area of action does [did] your business have, i.e. where do [did] your customers come from?
☐ Neighbourhood
☐ City
☐ Country-wide
☐ International
Was the microcredit you requested from MicroBank to open or to expand the business?
☐ Open
☐ Expand
What percentage of the total does the initial investment/expansion represent?
☐ Less than 25%
☐ 25-50%
☐ 50-75%
☐ Over 75%
☐ Don’t know/No answer
Out of 100%, what percentage of the initial / extended investment came from...?

- Your own resources
- The Microcredit
- Loan from family members or friends
- Others

Do you think that you could have opened/expanded your business without the microcredit?

- Yes, though smaller
- Yes, though later
- Yes, but with a lot of difficulty
- I don’t think so
- Don’t know/No answer

How many employees do [did] you have in the business?

[Have you hired / Did you hire] any employee since applying for the microcredit?

- Yes
- No

[If you have employees] How many are [were] full-time?

And when you set up the business, how many employees did you have?

Do you envisage taking on anyone else in the next 12 months?

- Yes
- No

Have you had to dismiss any employee in the last 12 months?

- Yes
- No

Can [could] you rely on the support of a family member working free to advance your business?

- Yes
- No
- No answer

On average, how many hours a day do [did] you work?

Do [did] you work Saturdays and Sundays?

- Saturdays
- Sundays
- Saturdays and Sundays
- No

Would you say that at present the business works...

- Very well
- Well
- Not bad
- Poorly
- It is being transferred
- No answer

Compared with last year, would you say that the business works...

- The same
- Better
- Worse
- Don’t know/No answer

What expectation for the coming year do you have for your business?

- Moderate growth
- Quite a lot of growth
- Remains stable
- Sales fall a lot
- Sales fall a little
- Have to close
- Other
Would you say that the business helped you get your current job?
- Yes
- No
- Don’t know/No answer

Are you thinking of opening another business?
- Yes
- No
- Don’t know/No answer

**BLOCK 2: DATA ON THE MICROCREDIT PROGRAMME**

Does the business generate [or has it generated] sufficient income to make the repayments on the loan?
- Yes, from the start
- Yes, after about a year
- Yes, but with a lot of difficulty
- It depends on the months
- No

Was there any month that you could not make the repayment?
- Yes
- No
- Don’t know/No answer

What would you say is the reason for not being able to make the repayment?

......................................................................................................
......................................................................................................

Do you know with whom you contracted the microcredit: MicroBank or “la Caixa”?
- “la Caixa”
- MicroBank
- Others Who? .................................................................

You confuse “la Caixa” with MicroBank
What is the reason for this confusion? .................................
......................................................................................................

Prior to applying for the credit from MicroBank, did you apply for it with other entities?
- No, I applied only with MicroBank
- Yes, but they rejected my application
- Yes, but I was not interested
- Others .................................................................

**Concerning MicroBank, part of “la Caixa”...**

How did you find out about it?
- Through the branch
- Communications media
- Through friends, family members, etc.
- Through the town council
- Through a social organisation
- Others .................................................................

**BLOCK 3: SOCIAL-CULTURAL AND ECONOMIC CHANGES**

In relation to the MicroBank microcredit...

**ECONOMIC IMPACT**

Would you say that, thanks to the credit, your available income has gone up or down?
- Gone up
- Remained the same
- Gone down
- Don’t know/No answer

What have you used this added income for?
- Savings
- Business investment: How much approximately?..............
- Miscellaneous family expenses
- Others .................................................................
- Don’t know/No answer

In relation to the economic situation you think you would be in if you had not requested the microcredit, would you say you are better or worse off?
- Better
- The same
- Worse
- Don’t know/No answer
SOCIAL AND CULTURAL IMPACT

Would you say that your quality of life has improved or deteriorated because of the microcredit?

☑ Improved a lot
☐ Improved a bit
☐ Remained the same
☐ Got worse
☐ Don't know/No answer

Do you feel more or less capable and prepared to face the future now than before the microcredit was granted?

☐ Yes, now I feel more capable and prepared
☐ I feel just as capable and prepared as before
☐ No, now I feel less capable
☐ Don't know/No answer

Has the granting of the microcredit contributed to this improvement?

☐ Yes
☐ No
☐ Don't know/No answer

Have you taken a training course since the microcredit was granted?

☐ Yes
☐ No
☐ Don't know/No answer

What kind?

☐ Languages
☐ Professional, relating to the current business
☐ Professional, relating to a future business
☐ Personal interest
☐ Don't know/No answer

Indicate whether or not you agree with the following statements: “As consequence of microcredit request, now…”

☐ I have more access to other kind of financing
☐ I contribute more to the domestic economy
☐ I am more convinced of my abilities as an entrepreneur and businessman
☐ I feel more integrated in my environment
☐ I have more confidence in the future
☐ I feel more independent and with more control over my life
☐ I participate more actively in my community
☐ I have a better life family

BLOCK 4: SATISFACTION WITH THE PROGRAMME

Concerning the services offered by MicroBank...

Are you satisfied with the services offered?

☐ Yes
☐ No
☐ Don't know/No answer

Do you want to make any suggestion that may help us to improve the service provided by MicroBank for its microcredit customers?

...................................................................................................

...................................................................................................

Did the procedure for getting the microcredit seem easy or complicated?

☐ Easy
☐ Correct
☐ Complicated
☐ Don't know/No answer

BLOCK 5: CLASSIFICATION

To finish up, I will ask a number of questions that will help us analyse your replies better. Could you please tell me...

Whether you have applied for other loans since the granting of this microcredit?

☐ Yes
☐ No
☐ Don’t know/No answer

What kind?

☐ Private
☐ Mortgage loan
☐ For the business
☐ Other ..........................................................

Whether you have any other financial service contracted, such as...

☐ Insurance (car, home, life, etc.)
☐ Savings product (pension plan, investment fund, term deposit, etc.)
☐ Other .............................................................
Can you please tell me your country of birth?

....................................................................................................
....................................................................................................

Since when have you lived in Spain?
|___|___|___|___|

What was your job status before you received the microcredit?

☐ I had never worked in Spain
☐ I was unemployed, receiving benefit
☐ I was unemployed, receiving no benefit
☐ I was working as a salaried employee
☐ I was self-employed
☐ I was working illegally
☐ No answer

How long had you been out of work when you applied for the microcredit?

☐ Under 6 months
☐ Between 6 months and 1 year
☐ Between 1 and 2 years
☐ Over 2 years
☐ No answer

Do you currently receive any benefit payments from the government?

☐ Yes
☐ No
☐ Don’t know/No answer

What type?

☐ Pension (widow’s, disability, retirement, etc.)
☐ Unemployment benefit
☐ Family assistance
☐ Other

Had you run a business before?

☐ Yes
☐ No
☐ Don’t know/No answer

In Spain or in another country?

☐ In Spain
☐ In another country
☐ In Spain and in another country
☐ Don’t know/No answer

Did the business for which you used the microcredit bear any relation to your previous experience?

☐ Yes
☐ No
☐ Don’t know/No answer

Please tell me your marital status.

☐ Single
☐ Married [Registered partnership]
☐ Divorced [Separated…]
☐ Widower/ widow
☐ No answer

What is the highest level of education you have reached?

☐ None at all
☐ Primary
☐ Secondary
☐ Higher education
☐ No answer

How many people live at your home, including yourself?
|___|___|

How many people in your household are economically dependent, i.e. they have no salary and therefore depend on your income or that of other members of your family?
|___|___|

What is the approximate contribution of your income to the family budget?

☐ Less than 25%
☐ Between 25 and 50%
☐ Between 50 and 75%
☐ Over 75%
☐ Don’t know/No answer

In general, would you say you reach the end of the month?

☐ Comfortably
☐ Just
☐ Can’t make ends meet
☐ Don’t know/No answer
Could you tell me whether the total monthly income in your household is over or under €2,000?

< €2,000
- Less than €500
- From 500 to €999
- From 1,000 to €1,499
- From 1,500 to €1,999

> €2,000
- From 2,000 to €2,499
- From 2,500 to €2,999
- From 3,000 to €4,999
- Over €5,000
- Don’t know/No answer

On average, how much a month do you save?

|   |   |   |   | € |

Have you taken/are you taking any courses related to business management or on setting up a business?

- Yes
- No

Have you previously set up any type of business or business project?

- Yes
- No

Indicate whether or not you agree with the following statements: “Setting up one’s own business…”

- Enables one to earn a higher income
- Enables one to tackle new challenges and develop new professional skills
- Is riskier than working as an employee
- Is an option when one cannot find employment
- Is a more attractive option and provides more personal satisfaction than working as an employee
- Involves more dedication and less security than working as an employee

Of the statements that I will now read you, which do you think are the three keys to success when it comes to setting up your own business:

- The business idea is very good
- The business idea is innovative
- Having experience in business management
- Devoting a lot of time to the business
- Setting up a business you are passionate about and putting your heart and soul into it
- Having good sales skills
- Surrounding yourself with a good team and/or good partners
- Controlling the business costs with great care

AUTHORISATION

Do you authorise us to send your assessments and personal views to the corresponding department?

- Yes
- No
Social and financial microcredits benefit from a guarantee issued by virtue of the European Union’s Competitiveness and Innovation Framework Programme.
REPORT ON THE IMPACT OF MICROCREDIT 2013

www.microbanklacaixa.es