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JEL Classification: L26, M13

- **L** - Industrial Organization

- **L2** - Firm Objectives, Organization, and Behavior

- **L26** - Entrepreneurship

- **M** - Business Administration and Business Economics, Marketing,
Accounting and Personnel Economics

- **M1** - Business Administration

- **M13** - New Firms; Startups

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ACRONYM LIST

APS - Adult Population Survey

BPS - Basis points

CSES - Centre for Strategy and Evaluation Services

EAFRD - European Agricultural Fund for Rural Development

EDF - European Development Fund

EFCs - Entrepreneurial Framework Conditions

EIB - European Investment Bank

EMFF - European Maritime and Fisheries Fund

ERDF - European Regional Development Fund

EY - Ernst & Young

FTS - Fixed Telephone Service

GEM - Global Entrepreneurship Monitor

IAS - Internet Access Service

ICT - Information and Communication Technology

LBS - London Business School

MTS - Mobile Telephone Service

NES - National Expert Survey

NSI - National Statistics Institute

OECD - Organization for Economic Cooperation and Development

OTT - Over-the-top

PEEP - Portugal Entrepreneurship Education Platform

PIA - Portuguese Industrial Association

PIGs - Portugal, Ireland, Greece and Spain

PhD - Doctor of Philosophy

R&D - Research and Development

SEM - Search Engine Marketing

SMEs - Small and Medium Enterprises

SUMÁRIO EXECUTIVO

O conceito de empreendedorismo existe há algum tempo e tem evoluído de maneira diferente ao longo dos anos. A primeira teoria económica, remonta ao século XVIII onde Richard Cantillon define a pessoa empreendedora como um *indivíduo com uma atitude visionária e que assume um certo risco do negócio* (Costa, 2008). Nos séculos seguintes, o empreendedorismo entendia-se como a criação de grandes negócios económicos e hoje em dia é visto como *a atividade de toda a pessoa que está na base de uma empresa ou organização* (Bucha, 2009). No século XX o empreendedorismo é relançado através do surgimento de trabalhos literários de Schumpeter (1934, 1942) e anos mais tarde, através de Drucker (1985).

Como dito anteriormente, o conceito tem evoluído de forma diferente ao longo dos anos e existem várias definições para o termo nos dias de hoje. Por exemplo, segundo Cole (1968) *empreendedorismo é a atividade que inicia, mantém e desenvolve um negócio orientado para o lucro*. Anos mais tarde, Gartner (1985) e Low e MacMillan (1988) *definem o termo de forma muito simples como a criação de novas organizações ou empresas*. Amit, Glosten e Muller (1993) vão um pouco mais ao detalhe no tema e vêem o empreendedorismo como *o processo de conceber lucros entre combinações novas, únicas e valiosas de recursos em um ambiente incerto e ambíguo*. De facto, as teorias de base económicas consideram o empreendedorismo como uma alavanca para o crescimento e desenvolvimento económico, associando assim *o empreendedor à inovação, à criatividade e à capacidade de assumir riscos* (Chaves, 2009).

Acerca do empreendedorismo em Lisboa, esta é uma cidade considerada por muitos como a Silicon Valley Europeia (Hyde, 2015) e encontra-se no epicentro Mundial de Empreendedorismo, devido a uma panóplia de conceitos e modelos de negócios para todos os gostos, bem como grandes eventos e incubadoras de rede, que ajuda o crescimento do ambiente. Este case study tem como objetivo desmistificar as razões pelas quais Lisboa tem um papel tão importante no panorama empreendedor mundial e por isso, uma série de objectivos foram definidos:

1. Observar e perceber o estado do ecossistema Incubador Europeu;
2. Identificar as características ecossistema empreendedor analisando os indicadores macro dos reportes do GEM 2013 e 2014;
3. Determinar quais os principais aspectos que rotulam a capital Portuguesa;
4. Compreender as razões de sucesso do ecossistema incubador de Lisboa, como se move e como vai evoluir.

Para atingir o objectivo definido, o caso pedagógico foi dividido em três partes. O primeiro capítulo é referente à Revisão de Literatura, que aborda o conceito de empreendedorismo como um todo. É dado a conhecer, de forma simples, a história do termo ao longo dos anos e como é que o conceito é atualmente visto. Ainda neste capítulo é possível perceber a evolução e história do conceito de Incubação, os tipos de Incubadoras existentes, como é que é constituído um ecossistema empreendedor e ainda o estado do ecossistema Incubador Português.

No segundo capítulo o GEM Report de 2013 e 2014 foram os reportes escolhidos para perceber a situação dos indicadores macros que fazem parte do ecossistema Português. Estes foram os reportes escolhidos, visto serem dos reportes mais completos quanto aos indicadores, de veracidade de informação e dos mais atuais.

Por fim, foi elaborado um questionário para perceber quais as razões de sucesso das Incubadoras de Lisboa e as conclusões chegadas não fogem muito à realidade Europeia. Em comparação com um questionário elaborado pela European Commission Enterprise Directorate-General & Centre for Strategy and Evaluation Services (CSES), é possível perceber que tanto a nível Europeu como a nível local os resultados são idênticos. Por exemplo, as parcerias são a chave para o sucesso das incubadoras; as autoridades públicas são cruciais no ciclo de vida das incubadoras e entre os vários modelos de negócios diferentes, o apoio público é fundamental para o estabelecimento das incubadoras.

EXECUTIVE SUMMARY

The concept of Entrepreneurship has been around for some time and has evolved into different meanings over the years. The first economic theory dates back to the eighteenth century where Richard Cantillon defines the entrepreneurial person as *an individual with a visionary attitude and that takes a certain business risk* (Costa, 2008). In the next centuries, entrepreneurship was understood as the creation of large economic and business and today is seen as *the activity of any person who is in a company or organization base* (Bucha, 2009). In the twentieth century by the hands of Schumpeter (1934, 1942) and years later by Drucker (1985), entrepreneurship is reissued through the emergence of their literary works.

As previously mentioned, the concept has had multiple definitions over the years. For example, according to Cole (1968) *entrepreneurship is the purposeful activity to initiate, maintain, and Develop the business profit-oriented*. Years later Gartner (1985) and Low and MacMillan (1988) define the term in a simple way as *the creation of new organizations or enterprises*. Amit, Glosten and Muller (1993) go further in the concept and they see entrepreneurship as the process of extracting profits from new, unique and valuable combinations of resources in an uncertain and ambiguous environment. In fact, the economic base theories consider entrepreneurship as a lever for growth and economic development, thereby associating *innovation, creativity and the ability to take risks* to the entrepreneurial individual (Chaves, 2009).

About entrepreneurship in Lisbon, it is considered as *European Silicon Valley* (Hyde, 2015) and lies on the World entrepreneurship epicentre due to a range of diverse concepts and business models for all tastes, as well as major events and incubators networking, which help the growth of the environment.

This case study aims to demystify the reasons why Lisbon has such an important role in the global entrepreneurship panorama. In this regard, a number of objectives were defined, of which these are the main points to realize:

1. Observe the entrepreneurial landscape in Europe and figure out its current state and direction;
2. Identify entrepreneurial ecosystem characteristics, by analysing GEM 2013 and 2014 macro indicators;
3. Determine the main aspects that label Portugal Capital;
4. Understand Lisbon incubators ecosystem reasons for success, how it functions and how will it evolve.

To achieve the goal set, this case study was divided into three parts. The first chapter refers to the Literature Review, which addresses the concept of entrepreneurship as a whole. In a simple way, this part approaches the term history over the years and how the concept is currently seen. In this chapter also, it is possible to understand the evolution and history of Incubation process, incubator types, how an entrepreneurial ecosystem is composed and finally, Portuguese incubator environment conditions.

In the second chapter, GEM 2013 and 2014 was the report chosen to realize the macro indicators situations that are part of the Portuguese ecosystem. The report was chosen, as it is the most comprehensive report concerning the indicators, information truthfulness (being also the most up to date report in existence).

Finally, a questionnaire was designed to figure out Lisbon incubators reasons of success and the conclusions achieved are very similar with the European reality. Compared to a questionnaire carried out by the European Commission Enterprise Directorate-General & Centre for Strategy and Evaluation Services (CSES), it is possible to realize that European and local results, are identical. For example, partnerships are the key to business success incubators; public authorities are crucial in business incubators life cycle and among several different business models, public support is critical for incubators establishment.

1ST CHAPTER - LITERATURE REVIEW

1. - ENTREPRENEURSHIP: Concepts, definitions and evolution

There have been nearly as many definitions on entrepreneurship as there have been writers on the topic (table 1). Translated from the French, entrepreneur literally means *a person of action, "one who undertakes"* (Jennings, 1994). Entrepreneurship is known to have different meanings from different people, like for example, *entrepreneurship is the ability to create and build something from practically nothing* (Timmons, n.d.), for Wennemers and Thurik (1999) *it is the creation of new economic opportunities*, for Peter Marris (1968) *it is an ability to assemble or reassemble from what is available into a new kind of activity* and also it consists of an activity that *creates and manages vision and demonstrates leadership* (Wickham, 2006). Accordingly with Davidsson (2004), *researching entrepreneurship is fun, fascinating and frustrating (...) one of fascinations is the richness of the phenomenon, which leads to one of its greatest frustrations, namely the lack of a common understanding of what precisely entrepreneurship is*. To Nadim and Richard (2008), there is a reason for the lack of consensus in this field. According to the authors *(...) even the OECD itself has contributed to the confusion since virtually every study that has focused on entrepreneurship has presented a different definition of the term. For example, in an OECD Economic Survey in 1997, it was defined as "the dynamic process of identifying economic opportunities and acting upon them by developing, producing and selling goods and services". In "Fostering Entrepreneurship", it was defined as "...the ability to marshal resources to seize new business opportunities...". In a 2001 publication on Youth Entrepreneurship, the term was equated with self-employment: "... an entrepreneur is anyone who works for himself or herself but not for someone else...". Finally, another 2001 publication entitled Drivers of Growth, referred to, "The concept of entrepreneurship generally refers to enterprising individuals who display the readiness to take risks with new or innovative ideas to generate new products or services."*

To better understand this lack of common in understanding of what entrepreneurship is, table 1 outline a few different authors definitions concerning entrepreneurship:

Authors	Definitions
Knigh (1921)	<i>Profits from bearing uncertainty and risk;</i>
Hoselitz (1952)	<i>Uncertainty bearing, coordination of productive resources, introduction of innovations and the provision of capital;</i>
Cole (1959)	<i>Purposeful activity to initiate and develop a profit-oriented business;</i>
McClelland (1961)	<i>Moderate risk taking;</i>
Casson (1982)	<i>Decisions and judgments about the coordination of scarce resources;</i>
Gartner (1985)	<i>Creation of new organizations;</i>
Stevenson, Roberts, & Grousbeck (1989); Barringer & Ireland (2006)	<i>The pursuit of opportunity without regard to resources currently controlled;</i>
Hart, Stevenson, & Dial (1995)	<i>The pursuit of opportunity without regard to resources currently controlled, but constrained by the founders' previous choices and industry-related experience;</i>
Shane & Venkataraman (2000)	<i>A field of business seeks to understand how opportunities create something new;</i>
Kuratko & Hodgetts (2004)	<i>A dynamic process of vision, change and creation;</i>
Allen (2006)	<i>A mindset or way of thinking that is opportunity focused, innovative and growth-oriented. Can be found in large corporations and socially responsible not-for-profits;</i>

Table 1 - Definitions of Entrepreneurship (Dollinger, 2008)

From the table above, many topics arise like new business creation or innovation role, processes of emergence, change and creation and the risk-taking role of entrepreneurs, as it is summarized in table 2:

Elements	Authors
Innovation	<i>Schumpeter (1947); Cochran (1968); Drucker (1985); Julien (1989; 1998)</i>
Risk	<i>Cantillon (1755); Knight (1921); Palmer (1971); Reuters (1982); Rosenberg (1983)</i>
Coordination of resources for production; organizing factor of production or of the management of resources	<i>Ely and Hess (1893); Cole (1942; 1965); Belshaw (1955); Chandler (1962); Leibenstein (1968); Wilken (1979); Pearce (1981); Casson (1982)</i>
Value Creation	<i>Say (1815, 1996); Bruyat and Julien (2001); Fayolle (2008)</i>
Projective and visionary thinking	<i>Longenecker and Schoen (1975); Fillion (1991; 2004)</i>
Focus on action	<i>Baty (1981)</i>
Leadership	<i>Hornaday and Aboud (1971)</i>
Dynamo of economic system	<i>Weber (1947); Baumol (1968); Storey (1982); Moffat (1983)</i>
Venture Creation	<i>Collins, Moore and Unwalla (1964); Smith (1967); Collins and Moore (1970); Brereton (1974); Komives (1974); Mancuso (1979); Schwartz (1982); Carland, Hoy, Boulton and Carland (1984); Vesper (1990)</i>
Opportunity recognition	<i>Smith (1967); Meredith, Nelson and Neck (1982); Kirzner (1983); Stevenson and Gumpert (1985); Timmons (1989); Dana (1995); Shane and Venkataraman (2000); Bygrave and Zacharakis (2004); Timmons and Spinelli (2004)</i>
Creativity	<i>Zaleznik and Kets de Vries (1976); Pinchot (1985)</i>
Anxiety	<i>Lynn (1969); Kets de Vries (1977; 1985)</i>
Control	<i>McClelland (1961)</i>
Introduction of change	<i>Mintzberg (1973); Shapiro (1975)</i>
Rebellion/Delinquency	<i>Hagen (1960)</i>

Table 2 - Elements defining entrepreneurship and the entrepreneur figure (D. Fillion, 2008)

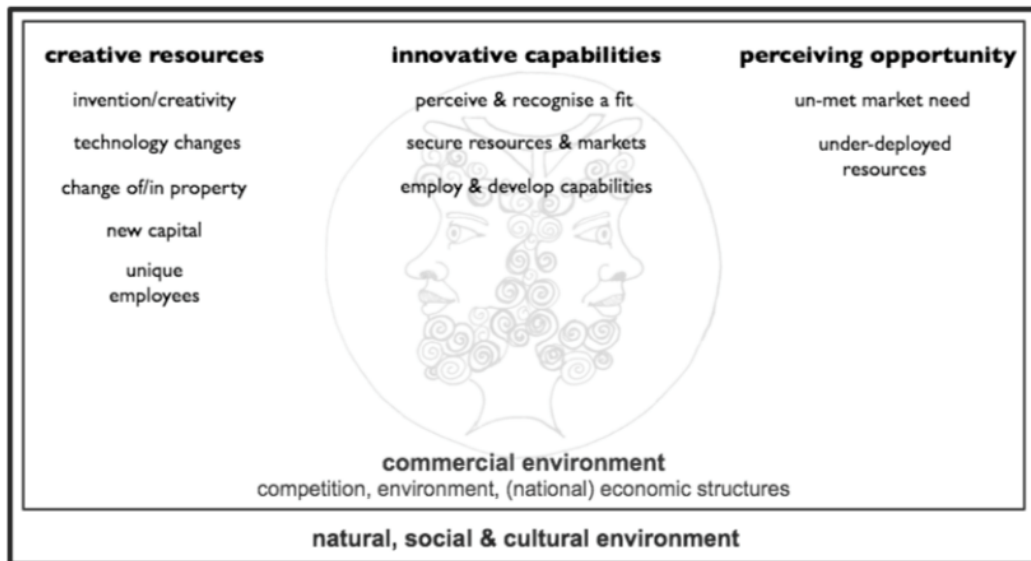


Figure 1 - Entrepreneurial Activity in the Commercial & Wider Environment (Nadim and Richard, 2008)

When defining entrepreneurial activity, some of the concepts are graphically organized in figure 1. The authors referred to the Roman God Janus two-faces to show that entrepreneur is *looking back to the resources* and *forward to markets* (Nadim and Richard, 2008) at the same time. Also, it only depends on entrepreneur to perceive and recognize a fit, secure resources and markets and employ and develop capabilities. All entrepreneurs' activities take place in a business context where competition, environment and national economic structures are the basis. However, this commercial environment is *always dependent on macro variables like economic, political, legal, social, cultural and natural settings*.

According with Goswami, Dalmia and Pradhan (2008), the entrepreneur implements new combinations of means productions, becoming an agent of change that *increases opportunities of employment, generates additional wealth creation, introduces and disseminates new methods and technology and finally, generates economic growth*.

A lot of inventions, posterior trade and society approval have effectively modified the human life approach over the centuries. Hunter (2013) once said on his article *electricity and the electric light, the aircraft and jet engine, the automobile and combustion engine, microchips, computers and mobile phones have all in different ways drastically changed society. These changes have led to further opportunities*

which entrepreneurs have been able to exploit. The evolution of our social entity is a weight carried by each one of us. From innovation on technology and ways of doing things, from new concepts creation and development to visible things like alphabets, dialects, lighters, painting techniques, poverty, natural disasters, etc (Allis, n.d.)

According to Allis, *there is no concrete date that pinpoints the first entrepreneurial push overtime*, however many historians, philosophers and economics believes *the beginning of entrepreneurship comes with the start of trading and discoveries like* (Allis, n.d.):

- When New Guinea local traders and merchants exchanged obsidian, a black volcanic glass used to make hunting arrowheads for other needed goods, back in 17,000 BCE;
- When people start use donkeys, horses, and camels to enable trade caravans between civilizations, moving both *goods* and *ideas*;
- When individuals started build ships to carry trade overseas, networks soon sprang up and more complex constructions appeared (as pyramids and temples in Cairo and Sumer, respectively);
- When Iron was discovered and helped on warfare advances;
- Or, when Columbus connected Europe and America, making a major turning point out for the world.

On the other hand, there are some thoughts that relate entrepreneurship with the human being, like once Schumpeter (1934) outlined *entrepreneurship is (...) the finding and promoting of new combinations of productive factors*. From this perspective, entrepreneurship can be seen as old as the first hominids, the ones that made simple stone, bone and created wooden tools to hunt and fish. Many years later, Raymond, Kenneth and Rowland Kao (2002), emphasize and reminds that *entrepreneurship is not just a way of conducting business; it is an ideology originating from basic human needs and ambition. (...) entrepreneurism can be considered as the*

application of ingenuity for self-interest and for the common good, the need to create wealth for oneself and to add value to society. This entails discovering the new, while changing, adapting and preserving the best of the old. This kind of thinking stands that humans are born into entrepreneurship and it will always make individuals take the resources available to change to something new that satisfies individual needs and desires.

But, what is meant by entrepreneurship? In agreement with Kaplan and Warren (2007) the first version of the concept was originally established in the *seventeenth-century* and the content has grown ever since. *The word is a French coinage and comes from the French term *entreprendre*.* This term was applied to *individuals who assume the risk of new business venture* (Kaplan and Warren, 2007). The authors highlight that back in that time these individuals were like, *"contractors" that used to bare the risks of profit or loss and many of them were fortune protectors, explorers, builders and commercials.* The logic was like every business reasoning, if they collected more than the total paid for their licenses, they made a profit; if not, they were losing money.

The roots of this risk-taking behavior, continues to the *eighteenth-century* and *nineteenth-century* when economics and entrepreneurship have linked together in behalf of French economist Richard Cantillon (1959), when he matched it with the word *"Entrepreneur"* and the other half of Jean-Baptiste Say (1817), Joseph Schumpeter (1934) and Peter Drucker (1985) studies on the impact of entrepreneurship in society.

Just as noticed above, entrepreneurship should be seen as a modern version of capitalism, since capitalism supports own property and personal wealth through capital accumulation and delivers ownership to the rich. Entrepreneurship persuades wealth creation and the value added to society based on innovation and creativity; *it champions the rights of the individual to acquire ownership through the freedom to make decisions* (Raymond, Kenneth and Rowland Kao, 2002). The same authors evidence that *although the community and the good of the state are key concepts, entrepreneurism is unlike communism, which provokes class struggle through revolution, taking ownership away from the individual and giving it to the state.*

Not so different from the old days, entrepreneurship has been considered *a crucial strength to the world and to human evolution* (Meyer and Heppard, 2000). The same authors detail this strength as one that consists of *new business strategies by individual entrepreneurs and emerging and fixed firms (...) usually mentioned as a worldwide key challenge today, concerning their long-term strategic vision.*

Today's entrepreneurship is not seen as just the mere creation of a business anymore, as it is getting possible to see further. Entrepreneurship is not just about making money, nor is it merely about starting-up a venture or owning a small business. It is a contrast of traditional management philosophy and processes as well, since the main focus is now on people, environment and sustainable growth. Entrepreneurship is a way of life, and a unique major desire to create and revolutionize. Every human has the opportunity and chance to participate in it. As Ketker and Aes (2013) said, *the promotion of entrepreneurship and the promulgation of small- and medium-sized enterprise policy have become important prescriptions for development in recent years.* But not only of prescriptions is entrepreneurship done nowadays. On *entrepreneurship at Glance*, a product conducted by OECD (2015) that presents indicators which measure the state of entrepreneurship, entrepreneurship is also defined as *a phenomenon that manifests itself throughout the economy and in many different forms with many different outcomes (...) for example, they may be related to increasing employment, tackling inequalities or environmental issues.*

With this said, today's generation is promoting entrepreneurship in a completely different way. The ideas, talents, skills, and knowledge that improve entrepreneurship are visible in individuals all around the globe. In 2005, Joe Kraus said *there has never been a better time to be an entrepreneur because it is never been cheaper to be one.* Software price, free software infrastructure, access to global labor markets and SEM (Search Engine Marketing) as a key framework, are some of the reasons that clarify his point.

Eleven years later, Westenberg (2016) also highlights two important points about modern entrepreneurship on his article, by saying *starting a company is cheap and it is possible for less than 100\$ and anything can be learned on Internet* (as it is going to be seen on the next chapter). *This is the greatest time to be an entrepreneur. But it is a terrible time to make up excuses and a reason why it is not worth trying*, the author concludes.

The future is full of entrepreneurial opportunities, and new venture creation combined with entrepreneurship is stimulating the world business and economic setting. Until now, entrepreneurship has gone through many different rounds as previously stated. In today's world, *war, poverty, famine, disease, global depletion and environmental catastrophe are a reality* (Raymond, Kenneth and Rowland Kao, 2002). As stated on their book, entrepreneurship is seen as a *Philosophy and a Sensible alternative for the Market Economy* where the authors try to understand if it is possible ensure humanity's future existence while benefiting society and creating personal wealth:

The 21st century is a century for us to realize that we can no longer afford to maximize benefit to the individual with no regard for the common good. To change capitalism without destroying it, we need to develop the creativity and innovative desire inherent in all of us. This is what "Entrepreneurism" is all about.

2. - ENTREPRENEURSHIP ECOSYSTEM

2.1. - INCUBATORS

How can entrepreneurs be successful? Working alone or in groups? Working together with other parties, has helped entrepreneurs in expanding their ventures, faster and swiftly. That is why business incubation has been attracting much attention in developed and developing countries.

The word means *a business strategy based on progress and utilized by policy creators and nations to guarantee sustainable economic growth and development, contributing to the health status of the economy by creating, planning and setting up, entrepreneurial ventures* (Salem, 2016). A good example of successful incubation contains a supportive environment that ease up new ventures creation and growth

compliance and allow a wide range of business resources available. In addition it implies providing for new ventures through adjusted services. Pappas (2003) pointed out that business incubation is *significant in seeding and developing new business ventures alongside technology transfer to facilitate potential growth in most economic sectors within a country.*

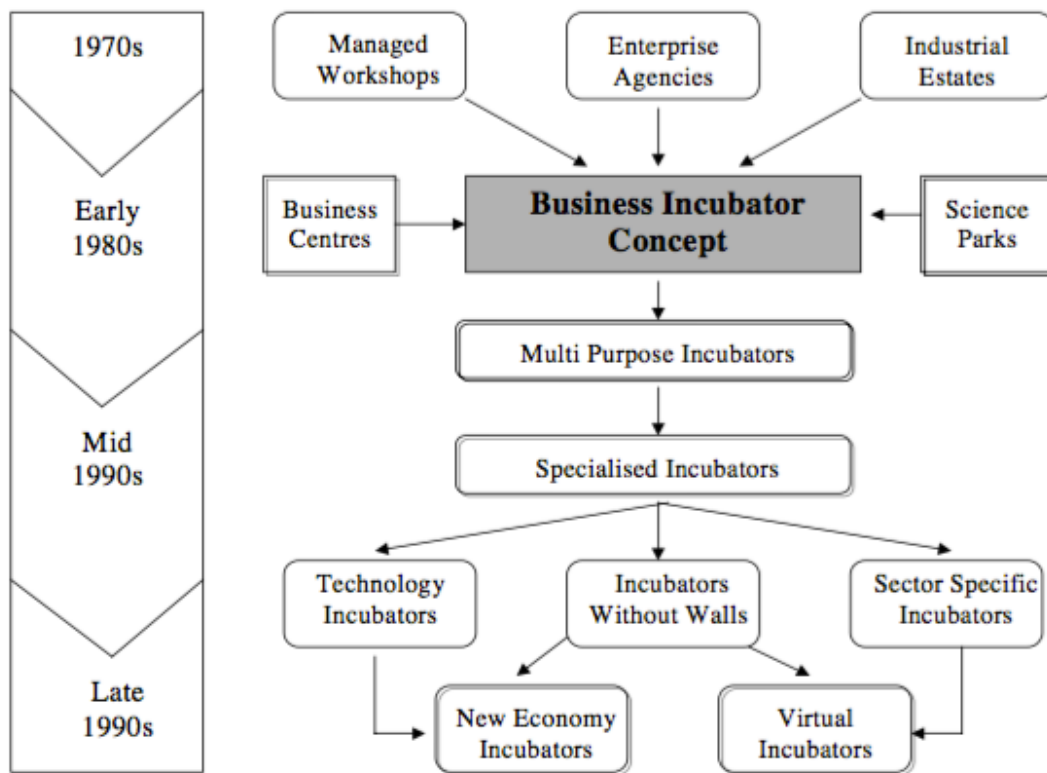


Figure 2 - Evolution of Incubators business model (ECubator, 2011)

Business Incubation *has emerged around the world during the 80's along with other broad business development programs and afterwards developed into strait and very profound business services, supporting small and specific companies clusters* (Salem, 2016).

Lalkaka (2001) divides the model in two parts: the first incubator generation and the second incubator generation. *The 'first generation' incubators in the 1980s were essentially offering affordable space and shared facilities to carefully selected entrepreneurial groups. In the 1990s the need was recognized for supplementing the work space with counselling, skills enhancement and networking services to access professional support and seed capital, for tenants within the facility and affiliates outside. This has led to the 'second generation' incubator, although many in the*

developing countries are still stuck in the original mode. Starting in 1998, a new incubation model emerged in parallel. This is intended to mobilize ICT and provide a convergence of support, towards creating growth-potential, tech-based ventures (Lalkaka, 2001).

This 'second generation' is in accordance with Volkmann (2004) definition *as a very vital tool in nurturing entrepreneurship and the development of small and medium enterprises to create more job opportunities, consequently leading to improved standards of living.* Pappas (2003) also highlight that *incubation program is one of the most dynamic programs aimed in developing and supporting new commercial businesses.* According to Salem (2016) *an Incubator mainly works to help young businesses survive and growing from there after that.* Business incubators most vital role is helping new firms over their start-up stages, due to the fact this is the period where most new businesses are susceptible to collapse and flop. *They provide accurate resources, key strategies on critical thinking and share knowledge on management. Moreover, incubators let individuals share office services, open spaces and offer access to business stuff (Salem, 2016).*

Regarding Lesáková (2012) business incubator main goal is *help new entrepreneurs out with its business. It helps to fill the gap created in any field.* Business incubators programs aim to assist fill a void by instructing the basics to entrepreneurs, physical area in order to launch the concept and key contacts that will help the business to grow. According to the author, this kind of programs *cannot replace business initiative and personal commitment,* however some of these entrepreneurs let incubator paranoia take it forward and let other people with know-how and knowledge replaces the time already spent. While mentor advices are valuable and one-of-a-kind, all the responsibility for the business to succeed is committed on the individual.

Actually, incubators are recognised *as a key pillar of economic development programs (Salem, 2016),* in accordance with the same author, since one of their many objectives to give rise to job opportunities and market technologies in the local economy, incubators add value by linking entrepreneurial boost of start-ups with resources. Although there is a demand to improve entrepreneurship levels: *from*

globalization, to trends in demographics, quickened innovation and progress in technology; these actions plays a vital role enhancing growth and development (Salem, 2016).

Daniel Isenberg (Babson College Entrepreneurship Practice professor) published an article on the HBR (Harvard Business Review) titled *"How to Start an Entrepreneurial Revolution"*. He describes the environment where entrepreneurship prospers giving examples from many countries. He also put forward that *entrepreneurs are most successful when they have access to the human, financial, and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs (Isenberg, 2010)*. This network is described as an entrepreneurship environment that is composed by (Isenberg, 2010):

- **Unique Environment** - *All the cities wants to be the next Silicon Valley. However, every cluster has its uniqueness, key differentiator conditions that defines the identity and personality of the ecosystem;*
- **Government Policies** - *Practicing reduced bureaucratic rules, new business ventures can easily operate and build and grow the concepts with local government help;*
- **Access to Financing** - *This type of clusters is very attractive to new investors. Operating on pro-active and actively way, encourages new stakeholders to take a chance and risk their money;*
- **Mind changing** - *Its common sense that failing is always positive. The same happens on the ecosystem, where every new risk-taker can learn from his wrong moves or with the mistakes of people from the ecosystem;*
- **Success is not so far** - *Success is not guaranteed, still every ecosystem fosters it, attracting new ventures and new investors;*

In his article, Isenberg divides the ecosystem in three important and central elements: institutions, organizations and individuals. The last two elements are the ecosystem stakeholders. These stakeholders incorporate government, research centers, investors, multinationals companies, universities, entrepreneurs and many more.

It is impossible to describe, explain or create an ecosystem with just one isolated element that is why all the components are important and each one of them is different in every ecosystem/environment (Isenberg, 2010).

However, business incubators are not the only piece in changing economy and community's directions. According to Lalkaka (2006), *understanding the requirements and objectives of business incubator programs brings about the accurate and necessary measures of providing entrepreneurs with the appropriate expertise, tools, networking, and capital for business start-up.* As regards, business incubators *are one of many tools that bring outcomes to entrepreneurs on an early stage, facilitating its track assignments and goal completion on the way to the spotlight* (Salem, 2016).

An ecosystem comprises the collective and fundamental essence of entrepreneurship. New business ventures arise and grow not just because an individual talent, skills and vision for the business creation and development. To Nadgrodkiewicz (2013) *new business ventures emerge just as well because they are placed in an environment or ecosystem with important features, that power and sustain companies, turning much easier, the way entrepreneurs conduct its business. Preexisting ventures, the opportunity of the start-up finance itself, a patent structure and a mindset that sees failure as a chance of development and growing,* are examples of facilities to new firms creation.

A study made by Bentley and Pugalis (2014) highlights how significant is *creating and developing a particular and local place-based model.* Instead of looking at the big picture, the authors looked at the *total entrepreneurship ecosystem* and pinpoint four important measures that had a positive impact on them (Ecosystem Insights, 2016):

- *Not every social group is included in certain areas. In order to gather minority groups and stimulate growth, upholding policies should be created;*
- *Some local sectors can grow with entrepreneurship and for that reason; the focus should be on them in order to follow-up the evolution;*

- *Reinforce the relationships between government, communities and business leaders. The partnerships between all the parties, it is what will turn an entrepreneurship ecosystem healthy;*
- *Growth comes from the investment on talented entrepreneurs.*

Every incubator is different: from the type of service delivered, to organizational structures and the kind of clients served. Still, there are two well-known examples of incubators (Lesáková, 2012):

- **Classical Incubators:** Orientation through advice, contribution with the space, connections to funding sources and other services, like administrative or technical services and many more are a few examples of classical incubators support;
- **Technological Incubators** - The service is not so different from Classical incubators. Still, they are focused on a market niche. They also cooperate a lot with Science and Technology parks, Universities and Research Institutions. At this point is important to outline how different business incubators are, from Science and Technology parks since these last ones work on a different way: it is available to larger projects (from government, corporate and university labs to small businesses) and their goal is on mature projects.

According to with Lesáková (2012) there is yet another type, which popularity has increased, called **Virtual Incubators**. Not so known, this way works *for individuals that need support and advices, but want to keep their venture on their own space (e.g. offices, warehouses and more)*.

In order to join a business incubator, entrepreneurs need to apply for admission most of the times and criteria are different and unique for each one. Then, the amount of time a business venture spends in incubation is another factor that usually varies a lot since, all businesses are different and entrepreneurs' know-how, skills and backgrounds are distinct (e.g. ideas with long investigation and operation cycles need more time than concepts where the product is ready to be launched in the market). Generally, a business takes between a year and two to leave incubators. At that point, the growth should be enough so the business can be driven into their own space.

However, time is not the only require businesses need to fulfil. Some incubators demand a certain amount of revenue or employee levels for example.

The most used word on a business early-stage is *access*. From access to resources, to knowledge, to capital and most importantly, the dynamic environment that entrepreneurship values and elements cover. *Most of the times, the path for growth access is placed in communities that help, support and all of them have the same vision and purpose, a space where entrepreneurial values prevails* (Northeast Center, n.d.). As seen before, incubators allow individuals business creation and development with access and link to human and physical infrastructures, know-how and competences. *This is a competitive advantage since typically it would be harder if they tried everything by themselves* (Northeast Center, n.d.).

2.2. - EUROPEAN PANORAMA

In order to better understand incubators situation in Europe, two reports were analysed. Concerning *Benchmarking of Business Incubators* (2002) report, this one seeks to *define 'headline' benchmarks for business incubators relating to their performance with regard to management and promotion, support this with 'operational' benchmarks' that define the means for achieving the 'headline' benchmarking performance and finally provide assistance to business incubators that participate in the exercise to implement operational improvements by, amongst other things, producing guidance on achieving benchmarked performance and examples of best practice* (CSES, 2002). It is held by European Commission Enterprise Directorate-General & Centre for Strategy and Evaluation Services (CSES) and since this report was carried out in 2002, most of the information could be outdated, however that is not the reality and some of the outcomes match with nowadays reality. The first main outcome is related with Business incubators business plan, that should establish *the rationale for the project and how it addresses market failure (if this is the rationale), the target market, expected levels of demand, a detailed operating framework (infrastructure and services), estimated capital investment and running costs/sources of funds* (as well as) *how the incubator will be managed, and other factors* (CSES, 2002).

About business incubators functions, the type and quality of business support provided to the clients and the provision of physical space are key points for incubator success. Their performance should be primarily judge by service results where the impacts on the businesses or the contribution to economy development, are example of important variables. In a nutshell, *this report suggests that business incubators are a very cost-effective instrument for the promotion of public policy objectives* (CSES, 2002)

The Accelerator and Incubator Ecosystem in Europe (2013), a more recent report than the last one, conducted by Eduardo Salido, Marca Sabás and Pedro Freixas from Telefonica, aims to have a complete picture of the different entrepreneurial ecosystems around Europe and a better understanding of the different initiatives and best practices (Salido, Sabás, Freitas, 2013). Among all the results found in this report, it is evident that *Europe has a healthy and thriving early stage startup scene* (Salido, Sabás, Freitas, 2013). The authors also find out that European landscape is diverse *with different geographical models running on different principles* (Salido, Sabás, Freitas, 2013). For example, while in Spain or Sweden most business startup programs are spread, in France and in the United Kingdom, most of incubators are centered on the national capital. Another important finding was about the number of European accelerators and incubators in Europe. From 2007 and 2013, *the number has risen nearly 400%* (Salido, Sabás, Freitas, 2013).

2ND CHAPTER - PORTUGUESE ENTREPRENEURSHIP ECOSYSTEM

This analysis aims to understand Portuguese entrepreneurship ecosystem indicators, compared with other European Economies. It should be highlighted that there is a recent version of GEM Report, still this one was not considered, since the 2015 questionnaire was answered on a different scale regarding past surveys and also because GEM team is the only one that make all the answers data available, 3 years after the report is made accessible. Although, all the efforts were made to get the last questionnaires and respective answers, the national and international entities contacted, gave no feedback.

1. - GLOBAL ENTREPRENEURSHIP MONITOR (2013 & 2014): Findings regarding Portuguese reality

The Global Entrepreneurship Monitor is the world's uttermost respected centre for the study of entrepreneurship.

There are other worldwide entities that provide statistical information about entrepreneurship such as the Organisation for Economic Cooperation and Development (OECD), World Bank, Eurostat and the Global Entrepreneurship Monitor (GEM). In Portugal the National Statistics Institute (NSI) is the main data source that handles this topic. After studying and researching all these entities, the source of analysis was set upon GEM, specifically on 2013 and 2014 Global Report, since it is the most comprehensive report concerning the indicators, information truthfulness, and also the most current giving it worldwide relevance.

According to *Global Entrepreneurship Monitor* website, GEM was born from a joint venture between Michael Hay of London Business School (LBS) and Bill Bygrave of Babson College in September 1997 through a *prototype survey that year* (GEM, 2013). It all started with *just ten countries (the G7 economies: Canada, France, Germany, Italy, Japan, United Kingdom and United States and 3 additional economies: Denmark, Finland and Israel)* (GEM, 2013). The study goal was to find out *why some countries were more entrepreneurial than others* (GEM, 2013). As the project was gaining importance and consequently expanding, *most economies saw the need to be part of this study and 11 years later, 59 countries were already part of this*

report 59 countries (GEM, 2013) where Portugal was included. GEM provides world-class data about entrepreneurship, which is used to identify policies and make evidence-based recommendations to increase the level and quality of entrepreneurial activity. Seventeen years on, GEM is the richest resource of information on the subject, publishing a range of global, national and 'special topic' reports, on an annual basis. (GEM, n.d.).

1.1. - GLOBAL ENTREPRENEURSHIP MONITOR ANALYSIS

For a focused and precise analysis, I decided to set two conditions, concentrating only on the information needed to assess the indicators that make up an entrepreneurial ecosystem and that will help me in determining Portuguese entrepreneurship ecosystem status. The conditions created are:

1st Condition

GEM Report is composed by two questionnaires:

- ***Adult Population Survey (APS)*** - GEM *Adult Population Survey (APS)* measures *the nature and level of entrepreneurial worldwide activity and is administered to more than 2000 adults in each GEM country (GEM, n.d.). Its main goal is to determine the role of the entrepreneur during its life cycle (GEM, n.d.),* such as actions that led the individual to start a business and its motivations or even the intentions of his entrepreneurial practices;

- ***National Expert Survey (NES)*** - GEM *National Expert Survey (NES)* main methodological basis EFCs (Entrepreneurial Framework Conditions) and it is administered to 36 Individuals, considerate experts, in each GEM country. NES studies indicators like *Governmental Support & Policies, or Taxes or Bureaucracy, or even if Financing for Entrepreneurs is available in the countries or not. However, the survey does not focus only on these indicators, since it remains the sole source of harmonized, internationally comparable data that specifically addresses the environmental factors that enhance (or hinder) new and growing firms' performance (GEM, n.d.).*

Based on the descriptions above, the chosen questionnaire is **NES**, since is the one that studies world's ecosystems, based on macro-indicators. All macro-indicators definitions were taken from GEM (2014) and are provided on the analysis, below each subtitle.

2nd Condition

GEM Report uses the World Economic Forum's Global Competitiveness Report classification, which is divided in 3 levels (Growth Champions, n.d.):

- **Factor-Driven Economy** - *Where countries compete primarily on the use of unskilled labor and natural resources and companies compete on the basis of price as they buy and sell basic products or commodities;*
- **Efficiency-Driven Economy** - *Where growth is based on the development of more efficient production processes and increased product quality;*
- **Innovation-Driven Economies** - *Where companies compete by producing and delivering new and different products and services by using the most sophisticated processes.*

Countries that are part of the GEM Report of 2013 (GEM, 2013) and 2014 (GEM, 2014) are available in figure 3. As for Portugal and since it is one of the countries present on the last level; this analysis will be made only on this group basis where only the European countries are comparable.



Figure 3 - GEM Report European Countries considered (based and adapted from GEM Website)

1.2 - GLOBAL ENTREPRENEURSHIP MONITOR INDICATORS

1.2.1. - GOVERNMENTAL SUPPORT AND POLICIES & PROGRAMS

(Appendix 1.1., graphs 13, 14, 15 and 16 & figures 4, 5, 6 and 7)

Governmental Support and Policies - The extent to which public policies support entrepreneurship - entrepreneurship as a relevant economic issue;

Governmental Programs - The presence and quality of progress directly assisting SMEs at all levels of government (national, regional, municipals).

Most of GEM indicators analysis are based on measures established by the Portuguese Government, so I decided to analyse these two indicators together and I will not extend with justifications to a great extent, because it will be detailed during the rest of the indicators analysis, since Portuguese Government has having a crucial leading role on Portuguese entrepreneurship ecosystem development.

Comparing 2013 report data with 2014 data, only one of these indicators shows the concern of the Portuguese government to make the country a territory that breathes entrepreneurship. Starting with the first indicator, *Governmental Support & Policies*, this is the only one of the two indicators, whose growth is non-existent. In 2013 Portugal occupied the 9th position in the ranking and in 2014 the picture is different as it falls 3 positions, corresponding to minus 115 bps, less 0.03 points in value. While Portugal lost points in this indicator, the European average grows about 0.05 points in value, more 188 bps over the same year.

As for Governmental Programs, the scenario is already more positive than the previous indicator, rising 2 places comparing to 2013 and growing above the European average. This means, Portugal grows more 450 bps (over 0.13 points in value) while the European average only grows 104 bps.

How are we going to see further, the government earned a very important role in supporting SMEs over the last years, and this was a key support to the growth and consequent development of the Portuguese environment.

When Pedro Passos Coelho was leading Portugal, the country went through very difficult times. During his reappointment speech, he stated that (...) *despite the difficulties and financial constraints, the Government could achieve important results in the social sphere (...) With these results laid the foundation for a better future and it is in them that the next policy must be based. (...) We will start a new phase of administrative modernization. We want to remove the remaining obstacles to citizens, entrepreneurs and innovators. (...) We have to recognize that there are structures, practices and procedures that no longer fit the changing times. With the support of technology and new ideas, we want to make life easier for entrepreneurs, not penalize them* (Rádio Renascença, 2015). After years of difficulties and restrictions, lack of internal and external financing and bureaucracy in all fields, Portugal would finally take active measures and attack all fronts to make the country entrepreneur, healthy and attractive environment, to all the individuals. A month later, there was a turnaround and António Costa was appointed as Portuguese Prime Minister and the entire pre-defined plan for Passos Coelho became less clear. However, António Costa surprised everyone when he announced that entrepreneurship was one of its growth strategies of the country.

According to Pimentel (2016) the current Portuguese Government *sees entrepreneurship as an asset to the creation of country's wealth*; hence one of the priorities of Prime Minister, António Costa, *is to support start-ups*. For that reason a strategy was designed to *boost entrepreneurship and turn Portugal into a friendly country for European Entrepreneurship* (Pimentel, 2016).

In the same article, António Costa says that *Portugal may be the most enterprising in Europe, not only for the measures presented, but also because of its innovation economy and its talent, which is a key to success*, adding that *Portugal has now "the most qualified generation" ever*, thanks to the strong investment made in Education over the last decades. *We cannot afford to waste this generation (...)* he said. But the Minister of Economy, Manuel Caldeira Cabral, emphasizes on the same speech that *startups are here to stay and this government is here to support them* (Pimentel, 2016).

1.2.2. - FINANCING FOR ENTREPRENEURS (*Appendix 1.2., graphs 17 and 18 & figures 8 and 9*)

The availability of financial resources -equity and debt - for SMEs (including grants and subsidies).

In 2010, while Portugal was entering in a crisis period, DouroAzul SGPS Director, Mário Ferreira and one of the most popular Portuguese Business Angels, said in a report to Público Newspaper *"This is the time to invest."* (Ferreira, 2010) and he was right. However, as John F. Kennedy once said *The Chinese use 2 brush strokes to write the word 'crisis.' One brush stroke hands for danger, the other for opportunity. In a crisis, be aware of the danger, but recognize the opportunity* (Proctor, 2015). What happened to Portugal was not so different.

In 2013, Portugal was isolated at the top of the European rankings with 0.37 points more than the European average. Nonetheless, all factors analysed worsened significantly in 2014. It is noteworthy that the availability of government grants, equity, private financing and venture capital for new businesses, decreased over the counterpart year about 620 bps, meaning this was the biggest drop of all indicators. Not with a so sharply fall, the European average differs 39 bps equivalent to a minus 0.01 point in value.

In 2015, the scenario was a little bit different. *Science4You raises 7 million euros in capital*, (Pimentel, 2015), *(...) in November 2015 Uniplaces raised 22 million in venture capital (...)* (Empreendedor, 2016), stories like these that enrich not only the companies concerned, but also the creation of value in the Portuguese ecosystem, started to get more common.

Also the strategies adopted by the government of former Prime Minister, Pedro Passos Coelho and the current government of Prime Minister, António Costa, have been an asset, which facilitates SMEs, public and private access funding. It was in Pedro Passos Coelho government that starts Portugal 2020 program. This is *(...) an adopted partnership agreement between Portugal and the European Commission, which brings together the work of five European Structural Funds and Investment*

(ERDF, Cohesion Fund, EDF, EAFRD e EMFF), which define the programming principles enshrining the economic development policy, social and territorial cohesion to promote, in Portugal, between 2014 and 2020 (Portugal 2020, n.d.); and where Portugal will receive about 25 billion euros by 2020.

Apart from Portugal 2020, also one of António Costa's strategy agenda plans is support entrepreneurship, and as such were designed 15 measures that make up the so-called *Start-UP Portugal*. *Start-UP Portugal* main goals are the *identification and elimination of regional gaps, increase competitiveness between assets and promote the sharing of physical resources, know-how and increase the level of ecosystem professionalism services and teams* (Empreendedor, 2016). It can be found in these 15 measures, 4 strategies that will facilitate capital access for investors (Empreendedor, 2016):

- The amount of support for those enrolled Business Angels will be approximately 60 million;
- Through equity crowd funding, in return for the investment made by the investor, this gets a stake in the company. In the *peer-to-peer program*, a normal citizen can borrow money online as individuals, through platforms such as *Lending Club* or *Prosper*;
- The co-investment fund for Venture Capital is a very similar program to the first fund however; the amount available in this risk capital support line is expected to be higher (about €400 million). This fund aims to attract international funds with expertise in the areas of investment;
- The Public Venture Capital company will keep its program *Call for Entrepreneurship*, but with a different strategy: "*attack*" in areas where private funds cannot reach.

1.2.3. - TAXES & BUREAUCRACY (*Appendix 1.3., graphs 19 and 20 & figures 10 and 11*)

The extent to which public policies support entrepreneurship - taxes or regulations are either size-neutral or encourage new SMEs.

Ricardo Francisco, a Portuguese entrepreneur, who launched his business abroad, wrote an article on his blog in 2012, where he explains the factors that were contributing to the lack of entrepreneurs in Portugal. Of the various factors addressed emphasizes that *in Portugal a small business is crushed by a hand by tax regulations, labour, environmental, health and other and on the other by competitors who benefit from state subsidies within the reach of just established companies* (Francisco, 2012). But this was a 2012 scenario.

If we look at the performance of Portugal at this indicator, in GEM data, it is clear that there was an investment to improve the conditions and facilitate the work of SMEs. With a growth of 1229 bps vs 2013, this indicator represents the highest indicator growth in 2014 which meant the passage from the 16th to the 15th place in the European ranking. This was the best European growth and it is above European average growth of 120 bps. Entrepreneur Portal is an example of a program that influenced this indicator a lot and eased companies' work up:

Entrepreneur's Desk

- Since 2013, through the merger of Company Portal and Citizen Portal, it is possible to create a business in a short time. Entrepreneur's Desk came to *leverage and free new businesses creation from bureaucracy in Portugal and so, the entrepreneurs constitute a company in time, creating a brand in time, get certificates or to take the licensing of their activities* (Balcão do Empreendedor, n.d.).

"No business owner likes to pay taxes that remove competitive capacity and that could jeopardize the future of the company (...)." (Empreendedor, 2015) said Henrique Neto, candidate for Portuguese Republic President in the last presidential elections. Moreover, the bureaucracy is a need for large organizations such as the United modern service providers (...) and attributes features to the bureaucracy in Portugal as a (...) bureaucracy based on power, which is the extension of power

political exercised on society. It is this bureaucracy that erodes the Portuguese society, which encourages corruption and causes unsustainable costs (Empreendedor, 2015). However, there is still a long way to go and I believe that through new Start-up Portugal policies, Portugal rating in the next GEM report will be a one of the best ever. This is because António Costa intention is to reduce tax burden and reduce barriers to business creation.

1.2.4. - BASIC-SCHOOL ENTREPRENEURIAL EDUCATION AND TRAINING (*Appendix 1.4., graphs 21 and 22 & figures 12 and 13*)

The extent to which training in creating or managing SMEs is incorporated within the education and training system at primary and secondary levels.

"Education is the most powerful weapon, which you can use to change the world." (United Nations, n.d.) as the former President of South Africa and anti-apartheid revolutionary Nelson Mandela once said. With such a significant role in individual's formation (...) *education systems in Europe should anticipate skills that will become necessary in the future and teach students to use them in advance. From this perspective, the introduction of entrepreneurship education at school in Europe is not an experiment, but a necessity for a successful life.* (Rusheva, 2016).

Portugal has a negative performance from 2013 to 2014 with a loss of 600 bps, less 0.13 points in value and through the 7th position in the ranking to 12th place. This result is the opposite of the European average, which changed from 2.12 to 2.16 (more 180 bps).

Despite this less favourable scenario, there are initiatives of some organizations that help foster this topic amongst the young. Entrepreneurship in basic-school is seen as a *key discipline* according to PIA (Portuguese Industrial Association), one of the main entrepreneurship drivers in Portugal, with programs ranging from primary to secondary education, (...) *entrepreneurship is understood as an country economic development engine, and it is considered one of the 8 key skills that must be acquired in schools, such as Portuguese, Mathematics or any other discipline* (AIP, n.d.).

Another organization that supports and encourages the practice of entrepreneurship at such a young age is the GesEntrepreneur. Dedicated to training and educate young individuals about entrepreneurship (...) *aims to promote an entrepreneurial culture in different contexts, encouraging economic and social development* (Gesentrepreneur, n.d.).

1.2.5. - POST-SCHOOL ENTREPRENEURIAL EDUCATION AND TRAINING (*Appendix 1.5., graphs 23 and 24 & figures 14 and 15*)

The extent to which training in creating or managing SMEs is incorporated within the education and training system in higher education such as vocational, college, business schools.

Accordingly with Heinonen and Poikkijoki (2006) model, there are 3 base dimensions that translate the results of entrepreneurship education on young people:

Attitudes

Like self-confidence, initiative, risk taking, creativity, ability to solve problems;

Know-How

Like technical knowledge, economic and financial literacy, knowledge management;

Skills

Ideas exchange and presentation, communication, teamwork and opportunity-driven.

As previously stated, entrepreneurship is seen by the European Union as a *key factor* and already in 2002 the European Commission *strengthened the stimulus and ambition for entrepreneurship in the younger population* (Bourgeois, 2012).

In the European Commission (2014) *Entrepreneurship Education at School in Europe* report, higher education is seen as *an indispensable way in relation to entrepreneurship education* (EACEA, 2016). This approach is justified by *presenting*

a set of data showing the importance of units and curriculum initiatives (e.g.: business plan development or identification and evaluation of opportunities) and extracurricular (e.g.: internships or company visits) (EACEA, 2016)

As for Portugal and in accordance with European Commission (2016), *Portugal has no current relevant strategy, although the country was highlighted as having a strategy in development in the 2012 report. However, there is a well-established network of government departments and external Organisations that work collaboratively on this policy area, as well as high profile European policy experimentations led by Portugal, such as 'Youth Start - Entrepreneurial Challenges' by coordinated the Portugal Entrepreneurship Education Platform (PEEP)¹. There is also a government-led action called the 'Strategic Programme for Entrepreneurship and Innovation', a support program with a focus on business and start-ups rather than actions in the area of education (EACEA, 2016).* It should be noted that even so, the younger population in Portugal has increased interest in activities related to entrepreneurship.

*More and more universities, especially colleges linked to economics courses and management, are betting on Entrepreneurship (Saldo Positivo, n.d.). Through given opportunities or on its own initiative, several programs (e.g.: JA Achievement Program), events (e.g.: Go Youth Conference), contests (e.g.: Accenture Innovation Challenge) or associations (e.g.: ISCTE Junior Consulting), have been created. Another example is Tiago Vidal that with only 18 decided to proceed with the organization of one of the largest Portuguese entrepreneur ecosystem events called Go Youth Conference, because *there is nothing focused on youth entrepreneurship in Portugal (...)* (Correia, 2016), he said.*

This increase in entrepreneurial interest in Portugal by the young population is reflected face to 2013 where Portugal moved up one position and grows more 305 bps, above the European growth of 179 bps.

1.2.6. - R&D TRANSFER (*Appendix 1.6., graphs 25 and 26 & figures 16 and 17*)

The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.

Through the GEM data is possible to verify Portugal performance vs the same year, despite falling a position in the ranking (8th place in 2014), grows about 110 bps, a value close to the average of Europe (over 195 bps).

PORDATA, whose purpose is *collect and organize information from reliable and certified sources* (Pordata, n.d.), has available on its online platform, data related with the development of investment in R&D in Portugal (with data up to 2014). Specifically, this information is divided into two topics (Pordata, n.d.):

- How much money is invested in R&D on Companies, Government, Higher Education and private non-profit institutions;
- The expected State budget for financing R&D.

However, since the second topic is only a preview and the first topic is based on final and concrete data, I am going to analyse the latter.

In 2014, the companies are the entity where more investment has been made (over 1 million), meaning 46% of the total amount invested in R&D in Portugal (about 2 million and 200 thousand euros). Just behind is higher education, one of the sectors where investment in R&D is quite high (45% of total invested) and the remaining 9% are divided between the State and Non-Profit Institutions. It is noteworthy that the total amount invested in 2014 is returning to historical levels before the financial crisis (the total amount invested in 2009 was over 2 and a half million euros and in 2008 about 2 and a half million euros). All this data is available in appendix 1.6., table 3).

These data allow us to get an idea of how the future will be for Portugal in this indicator. As such, the trend is that the performance of Portugal in GEM will grow in value, very close to the first places. Also noted there is a possibility of the total amount invested in R&D in Portugal in 2015 and 2016, going to be quite similar to pre-crisis values, with the State gaining a bigger importance by investing more money

and developing new growth strategies in research and consequent innovation. An example of a strategy already defined in 2016 and as I said before, through Start-up Portugal program, the government wants to create a Free Technology Zone in the Portuguese ecosystem. *Our goal is very simple. We want to be leaders in autonomous vehicles as we were in electric vehicles! (...) by obtaining the necessary rules and the most advanced technology in this area to attract research centres, start-ups and technology providers* (Pinto, 2016) assured State Secretary for Industry, João Vasconcelos.

1.2.7. - COMMERCIAL AND PROFESSIONAL INFRASTRUCTURE

(Appendix 1.7., graphs 27 and 28 & figures 18 and 19)

The presence of property rights, commercial, accounting, and other legal and assessment services and institutions that support or promote SMEs.

Concerning *Commercial and Professional Infrastructures* indicator, Portugal presents good results in 2013 and opposite results in 2014. By this I mean that in 2013, Portugal occupied the 5th position in the ranking and in 2014 lost 0.04 points in value, which corresponds to minus 1 bps, falling to 8th position. Not the same happens with European average that evolves positively 280 bps, over 0.09 points in value.

Some institutions like IAPMEI, COHiTEC and GESVENTURES contribute positively for the results in this indicator. Also incubators have a key role when it comes to support, help and growth of SMEs. Some of the most known incubators are Lisbon Startup, Audax, ANJE, the Incubation Centre and Development Lispolis, Madeira Technopole, ParquInvest or even TagusPark.

1.2.8. - INTERNAL MARKET DYNAMICS (*Appendix 1.8., graphs 29 and 30 & figures 20 and 21*)

The level of change in markets from year to year.

From 2013 to 2014, Portugal grows 169 bps but with the entry of 2 countries in 2014, the country moves to the 18th position, that is, less 2 positions than in 2013 (appendix 1.8., graphs 29 & 30). However, Portugal goes against European trend and is one of the European economies that more leverage the European average, which fell 270 bps, less 0.08 points in value.

As said before, entrepreneurship has been one of the main strategies and priorities of the Portuguese government in the last 3-4 years. In addition to these governmental strategies, events like *Acredita Portugal Association* annual contest, Lisbon Investment Summit organized by the Beta-i, Web Summit which arrives in Portugal this year and it is here to stay for another 2 years, or the Entrepreneurship Week, established by Lisbon City Hall. All of this contributes to a positive image of Portugal in abroad countries eyes. Also platforms like *emprededor.com unifies, develop, and test new forms of cooperation among individuals and organizations linked to entrepreneurship* (Emprededor, n.d.), have an important weight in the Portuguese ecosystem growth.

Unlike Portugal, major economic powers such as France and Germany, grow in value, but not enough to fall 4 and 6 positions in the ranking, respectively.

1.2.9. - INTERNAL MARKET OPENESS (*Appendix 1.9., graphs 31 and 32 & figures 22 and 23*)

The extent to which new firms are free to enter existing markets.

An article was written in 2011 at *Jornal Visão*, about the crisis that underlines the country from 2010 to 2014 stating that Portuguese society was increasingly ill. *Portugal supports a severe and lasting crisis, where emerge more serious social phenomena, dangerous financial imbalances, rampant public and internal indebtedness.* (Visão, 2011). During this period Portugal was stagnant with the highest number of unemployed ever, but as a consequence, policies were created to promote competitiveness and support businesses, driving the country to an economic recovery.

Accordingly with EY (2014) Attractiveness Survey, currently and after most haunted times, *Portugal has the world at his feet derived from its highly qualified young work force, the world-class infrastructure in place and high standards of investment protection. (...) Investing in a new location is always a challenging decision. (...) It is important to listen to those who have already invested in the country and, especially, to monitor how and why often, they choose to reinvest.* These are all factors that attract not only potential external financiers, but also new companies who see Portugal as an attractive and seductive territory.

Companies such as Uber, Airbnb, Zaask, Cabify or Zomato are examples of recent *acquisitions* in the Portuguese business community and whose results has been a surprise. In an interview in August 2015, Zomato's Country Manager, Miguel Ribeiro, said *Zomato's growth in Portugal was much higher than initially expected* and adds that *Portugal has been a great influence on Zomato's adaptation to Western markets* (Caçador, 2015). Also successful projects in the worldwide entrepreneurship framework like Web Summit, Impact Hub and Second Home *are preparing to enter in Portugal* (Barbosa, 2016).

Although Portuguese entrepreneurship market life and energy and the possibility of international companies entering the country, makes it possible for Portugal to grow at a double digit rate (more 1224 bps vs 2013) in GEM Report, moving up one position in the ranking and with an increase well above the European average, which

changed from 2.65 to 2.85 points (over 755 bps).

1.2.10. - PHYSICAL AND SERVICES INFRASTRUCTURES (*Appendix 1.10., graphs 33 and 34 & figures 24 and 25*)

Ease of access to physical resources - communications, utilities, transportation, land or space - at a price that does not discriminate against SMEs.

This is one of the 4 indicators whose Portugal performance is negative. With a minimal decrease compared to 2013 (minus 23 bps), Portugal does not follow other European Economies pace and influence negatively the European average. Unlike Portugal, the average of the 19 economies covered, grows over 476 bps, more 0.18 points in value.

According to a study about *The use of Electronic Communications for Small and Medium-Sized Companies (SMEs)* produced by ANACOM (National Communications Authority) in 2014, *the penetration rate of the fixed telephone service (FTS), the mobile telephone service (MTS) and the Internet access service (IAS) among Portugal's SMEs in that year, was between 89 and 94 percent.* (ANACOM, 2015) The results of the last study (2015), do not differ vs 2014 where the latest updates tell us that *Portuguese SMEs are already using new information and communication technologies and services, especially over-the-top (OTT) services, including Internet messaging services (37.3%) and voice over Internet (27.2%). (...)* *About 11.4% of SMEs in Portugal are using cloud computing (...)* (ANACOM, 2015). This is just an example of one of the elements this indicator studies and whose new market trends are being followed by SMEs (e.g. cloud computing).

There is a concern not only at national level but also at European level, by entities such as the EIB (European Investment Bank) that lent about € 12.8 Billion to Portugal, from 2008 to 2012, from 2008 to 2012 (such amount mainly earmarked for SMEs) *in close cooperation with Portugal's major banks, the EIB has Been actively working to improve SMEs' access to credit by increasing flexibility, simplifying procedures and developing new structures that may bring additional funding for SMEs* (EIB, 2016).

1.2.11. - CULTURAL AND SOCIAL NORMS (*Appendix 1.11., graphs 35 and 36 & figures 26 and 27*)

The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

For Saraiva (1993), culture can be defined as a set of recreational or utilitarian, intellectual and affective activities that characterize a people, as the integration of the sum of learned behaviours (Shapiro, 1956) and also as a system of shared ideologies (Earley and Erez, 1997).

In the Portuguese dictionary of Holanda (2005), culture *is presented as complex behavioural patterns, beliefs, institutions and spiritual values and of other material transmitted collectively, characteristic of a society.*

Despite the small size, Portugal is one of the oldest nations in this continent and proud by their past achievements that offers a wide variety of traditions. Being one of the western European Union countries, the territory is rich in all kinds of landscapes, from kilometres of sun-soaked beaches and the Atlantic Ocean, to endless mountains, golden plains and sublime river valleys.

To Leitão (2014) *the sea is a precious asset, an important source of economic prosperity, social well-being and quality of life. (...) Is a portion of the assets of identity and national dignity.* With this blessing, there are several businesses that were born in recent years based on it, such as Indie Campers, a rental van camper company, *closely linked to water sports such as Surf or Bodyboard, with routes across the Iberian Peninsula and France* (Indie Campers, n.d.). Another example is the bus plunging into Tejo river. The *Hippotrip - Amphibian Tourism* is a company that *lets people explore the streets of Lisbon and by river, on Tejo river estuary* (Hippotrip, n.d.).

However, not only the ocean generates new business. Portugal is also known for its beautiful views and its varied but very typical gastronomy. Pires de Lima, former Minister of Economy, said in an interview with *Jornal de Negócios*, the Gastronomic Tourism has been *a major aid for the national economy development. Tourism has established itself as one of the economic recovery champions, and found that from*

2012 to 2014, tourism grew by almost 20% in Portugal. (Jornal de Negócios, 2015)
Examples like, the Taste Porto Food Tours, a business that *aims to inform the city of Porto to whom you wish, but very focused on the culinary aspect* (Taste Porto, n.d.).
Or in Lisbon, through a Famel motorcycle, it is possible to *taste a good Portuguese wine whilst enjoying the fantastic views of Lisbon* (Marques, 2014). This concept was created in 2014 and is called Wine with a view.

There are more examples of businesses that were born in recent years and whose product or service is based on the Portuguese tradition and culture. However, this indicator is part of the 4 indicators where Portugal does not evolve from the last year studied. While the European average grows 1.9% (more 0.05 points in value) and even with a minimal decrease (- 8 bps), Portugal falls 3 positions, being on the 12th position in 2014 ranking.

3RD CHAPTER - LISBON ENVIRONMENT

A country known for its maritime explorations, rich in history and culture, Portugal is now known for the amazing transformation in their entrepreneurial world. *Despite being one of the most affected countries by the euro zone crisis and has been a member of PIGs (Portugal, Ireland, Greece and Spain) the stage of the business world is changing, in 2014, 35,264 new companies were created (an average of 100 new companies per day) and in the first 5 months of 2015, almost 18,000 new businesses were created, an increase of almost 11% over the same period of the same year* (Coleman, 2015). The same author also share some thoughts in other article where she compares other European countries in the same position as Portugal, but highlights that *Portugal's new entrepreneurs have simply spotted gaps in the market, and applied their creative ingenuity to fill them. In the process they have helped transition their native economy from its traditional manufacturing roots to one based on innovation* (Coleman, 2015). This transformation is happening at national level, however Lisbon stands out from the other Portuguese cities.

To Hyde (2015) Lisbon is compared with San Francisco since the city *already has the bridge, trams and surfers. Now it's starting to show off its tech strength too, with a raft of start-ups in Lisbon catching the attention of international investors* (Hyde, 2015). Some even believe that Lisbon can be *one of the bridges between Europe and the United States of America* (once said by Alexandre Barbosa, a founding partner of investor and incubator Faber Ventures, on Caroline Hyde 2015 article).

Considered by Forbes like one of the European **innovation hotspots** (Hyde, 2015) and **start-up hubs to watch** (Patrick Pullen, 2013), Lisbon is a city where there is *life quality, history, culture, green spaces and good places for people to work* (Hyde, 2015).

In an article written for Startus Magazine, Dimitris Bronowski, Diogo Nunes da Conceição and Rita Nascimento (2015) refer to the Lisbon 7 hills *as 7 entrepreneur gifts*, this is because Lisbon is *composed of an international environment and competitive talent, a great climate, beautiful landscapes, good traditional food, nightlife, it is safe and inexpensive* (Brownowski, Conceição and Nascimento, 2016).

Regarding business activities side, why Lisbon? Accordingly with Startup Europe Club (n.d.), Lisbon *has lots of talent, affordable talent, it is ease to set up the company and the city is small enough to use as a test site*. Strengthen further, *the city strategy on this regard is to make Lisbon moves beyond its known identity and its objective is to be one of the most creative and innovative cities in Europe, and city officers are very focused on partnerships and alliances to make things happen* (Startup Europe Club, n.d.).

The variable incubators are one of the most important parts of Lisbon entrepreneurship ecosystem and that is why a survey was carried out to understand reasons for success, how the ecosystem moves and it will evolve.

1. - METHODOLOGY

Regarding case study theme, what is sought is the most accurate way to get problem solution with the initial question, *"What is different in this city from other world cities?"*. The research is sustained through a survey to incubators and Start-ups. With this survey, it is possible to understand Lisbon Incubation ecosystem reasons for success, how it is built and how it will evolve.

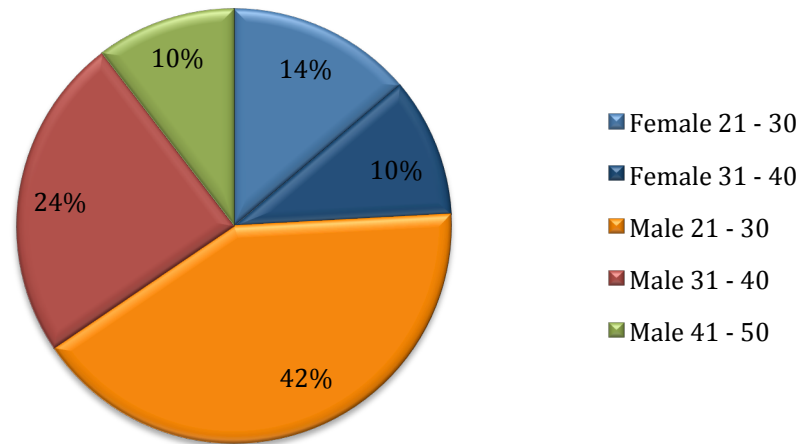
Thus the paradigm of this case study will be interpretative. This means knowing a specific situation and understanding it through the eyes of those who studied it in order to get to similar results based on survey results. About the methods, the predominant method to be used in this Case Study is the qualitative method, which will include descriptive studies that will help solve the research problem question.

2. - QUESTIONNAIRE (Appendix 2)

The questionnaire consists of about 23 questions, which have as their main objective defining the reasons of Lisbon incubators success. Although the sample of this questionnaire is not large, since ecosystem population is still not too wide (according to Lisbon City Hall data, *there are about 1.500 people working in incubators in the environment* (CM-Lisboa, n.d.), throughout this analysis you can see that most of the responses are linear and most respondents respond in an agreeing manner. A total of 29 respondents responded to this survey.

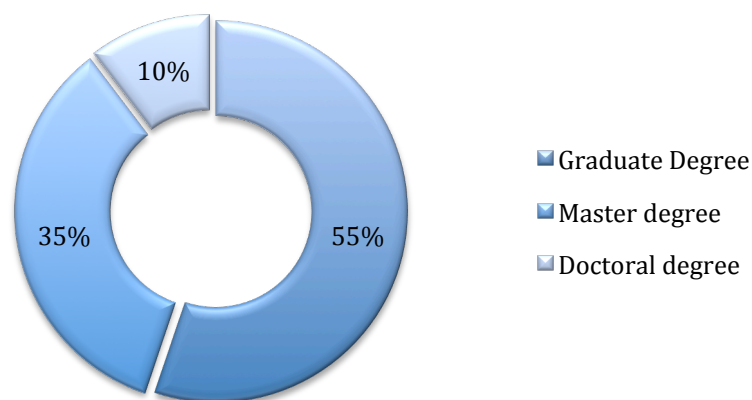
2.1 - INQUIREE PROFILE

Of the 29 respondents, about 41% are men between 21 and 30 years.



Graph 1 - Inquired Age

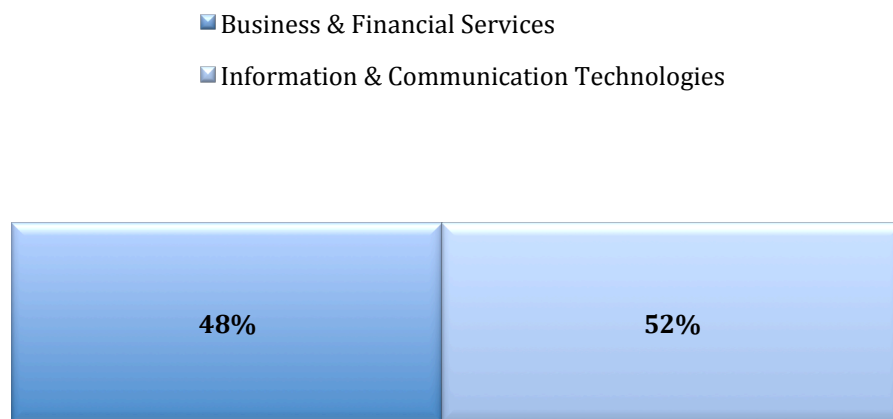
In this profile, about nine of those surveyed are graduates and the remaining three have qualifications at the graduate level. There are other profiles that responded to the questionnaire, as 14% of women who also have between 21 and 30 years and are licensed or have a Master degree in their areas; on the other side we have a corresponding minority of 10% of respondents, three men aged between 41 and 50 years and whose educational attainments are at Graduate and PhD level.



Graph 2 - Inquired Degree

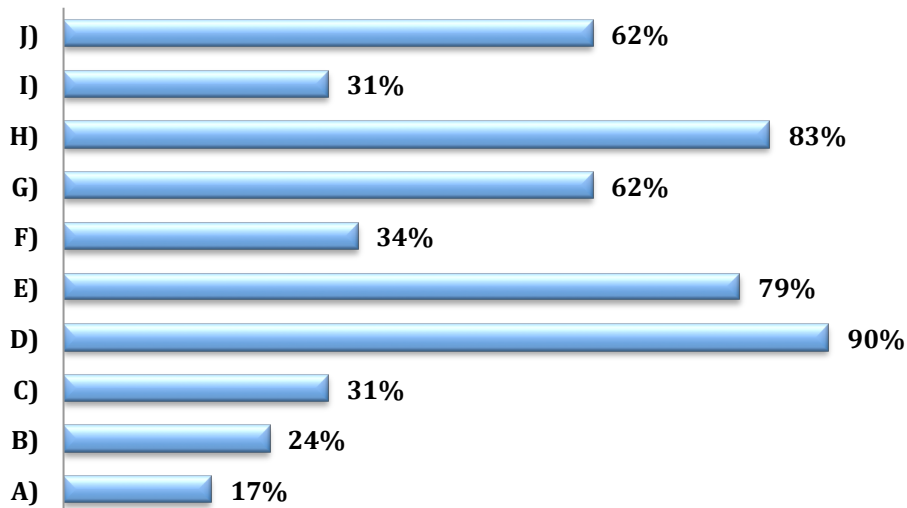
2.2. - MAIN FINDINGS

The questionnaire begins by realizing the business activities that lead Lisbon ecosystem and with six possible answers, only two were chosen concluding that most business activities in Lisbon are focusing on **Information and Communication Technologies** with about 52% of responses. **Financial Services and Business** with about 48% came immediately afterwards.



Graph 3 - Lisbon's ecosystem main business activities

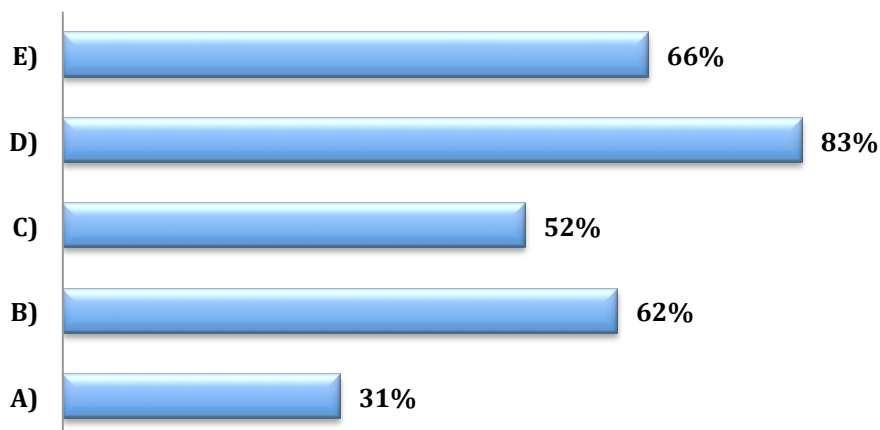
Concerning incubators support services, this was a matter in which the respondent had the opportunity to choose more than one option. The three where the results are more positive, were the options **d) - business planning and forming the company**; **e) - incubator venture capital fund, business angel network** and **h) - mentors, board members and other senior advisers network**, with 90%, 79% and 83% of the answers, respectively. Of the 90% who chose the option d), 85% also chose the option e), 88% chose h) and 69% chose the option **j) - training to Develop business skills**. It is thus possible to conclude that the Lisbon incubators provide planning assistance services and construction business while helping the incubated companies in developing their network and mentors and facilitate the access of start-ups to external financing.



Graph 4 - Lisbon's incubators business support services

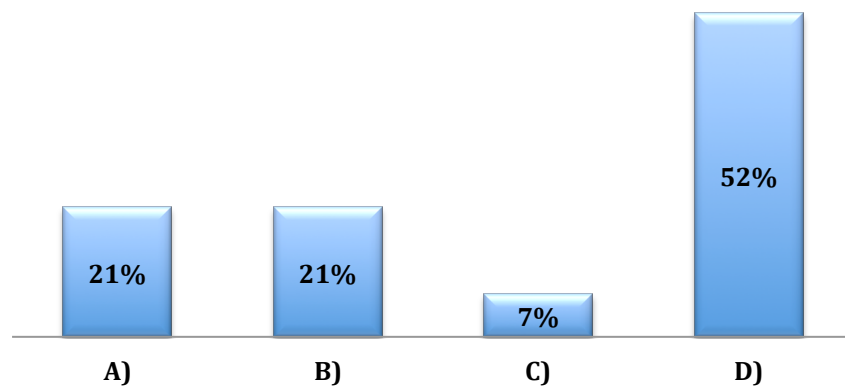
Nevertheless, the success of this ecosystem depends largely on the synergy between all actors and as with everything, there are weighing than others. A question where it was possible the surveyed chose more than one option, it was found that 83% of respondents believe that public entities are the major pillar of Portuguese incubators. Of these 83%, 67% also chose **Universities and other R&D Organisations** as another pillar of Lisbon incubators and 39% agree that **companies, banks and other private companies** help the success of Lisbon incubators.

It should be noted that both options presented above were the second and third surveyed choice to this question.



Graph 5 - Lisbon's ecosystem key partners

With respect to incubator set up costs, again, it is possible to see on the options chosen by the respondents, the important role of **public entities** in the Lisbon ecosystem value creation. 52% of respondents said that **public subsidies** also help in creating this incubators environment, such as the Start-up Lisboa, which was born of a public and private funds partnership. **Banks and private entities** and **universities and other R&D Organisations**, are the remaining 49% (about 21% each).



Graph 6 - Lisbon's incubators set up costs

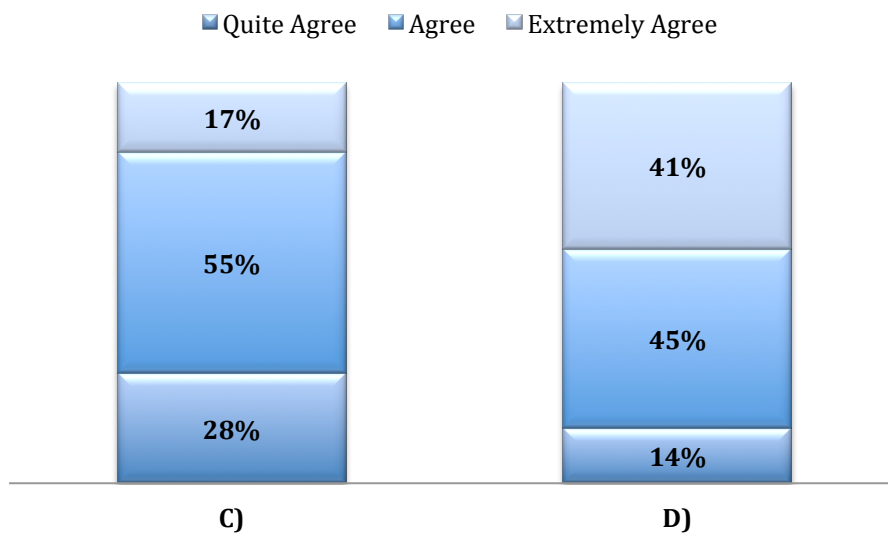
Regardless of the fact that Lisbon incubators are a profitable business or not (depending on their goal), they all have an associated investment whose return may or may not be expected. The results to this question show that 62% of respondents agree that an incubator in Lisbon takes about **more than five years** to break even. 38% believe that a Lisbon incubator takes about **4 to 5 years** to get the return on the money invested.



Graph 7 - Lisbon's incubators break even time

About the criteria defined by incubators to choose which kind of business they would choose, the surveyed were divided between **must be startups** and **no particular criteria**. 66% of the answers are on the latter, which within the available options appears to be the most inaccurate, because it makes it seem as like incubators do not have pre-defined acceptance criteria. However, it is not so easy to be part of an incubator. Startup Lisboa is the best example. Ana Santiago, Head of Communication of Startup Lisboa (Observador, 2016), Startup Lisboa has 2 main factor as selection criteria. In the first line, *they try to understand company's business model and to do so it must be a good business model and a scalable growth capacity* (Observador, 2016). Furthermore *the team quality is very important, because only they are able to run the business model* (Observador, 2016).

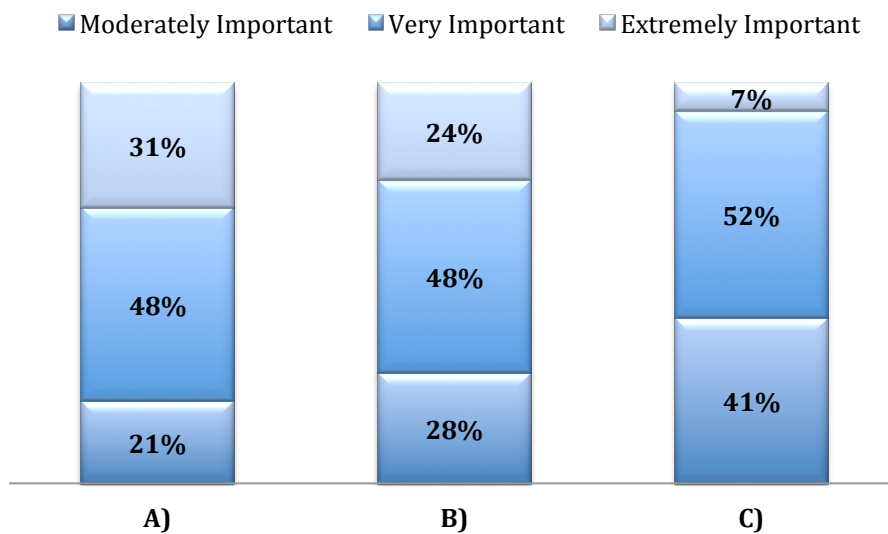
Later it was asked respondents to rate from 1 to 5 (Disagree to Extremely Agree) each of the options, where the results show one more time that the two options with better ratings are the last two, where in response c) 55% rated this as **Agree** and 17% as **Extremely Agree**. In the option d), 45% ranked this one as **Agree** and 41% as **Extremely Agree**.



Graph 8 - Lisbon's incubators criteria

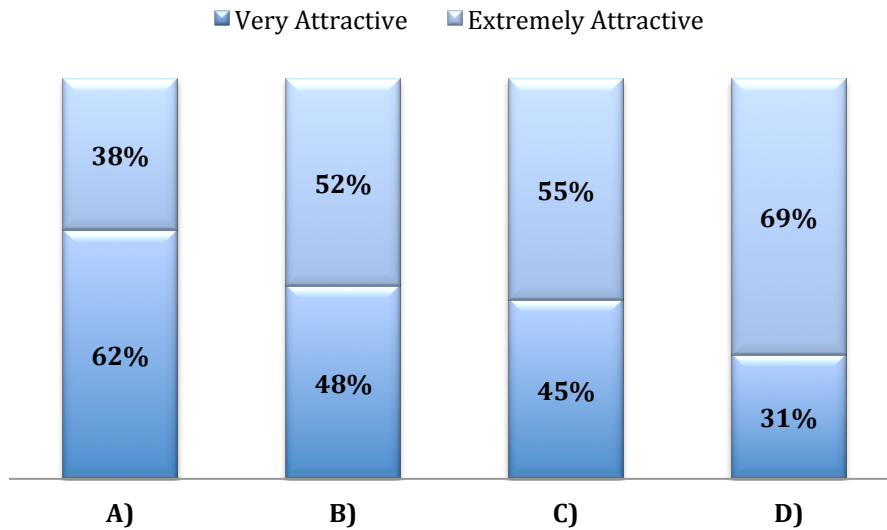
Also, respondents were asked to rate each of the options to see how the incubators can reach out to the incubated companies. For this purpose, four options were chosen: **advertising and media, business events and conferences, direct approach to clients** and **referrals from other agencies**. The first 3 options received the best

rating, with **advertising and media** being the best rating option with 21% classified as **Moderately Important**, 48% as **Very Important** and 31% as **Extremely important**. Not far behind is option b), **business events and conferences**, where 28% rated this one as **Moderately Important**, 48% as **Very Important** and 24% as **Extremely Important**. About option c), **direct approach to clients**, 41% rated as **Moderately Important**, 52% as **Very Important** and only 7% considers that direct approach to clients is **Extremely Important**.



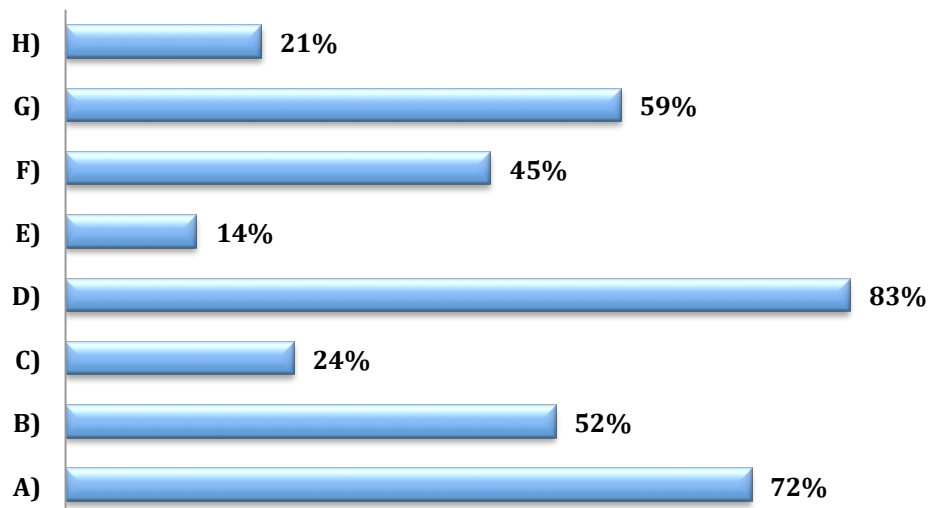
Graph 9 - Methods to promote Lisbon's incubators target market

To Ana Santiago, *the great advantage of working in an incubator is to belong to a community of entrepreneurs who can share experiences, problems, and ideas and to find partners* (Observador, 2016). But not only in this Lisbon incubators are strong. When asked about Lisbon incubators characteristics, the options available were classified as **Very Attractive** and **Extremely Attractive**, concluding that all of them are well present in Lisbon ecosystem. All in all, the top rated choice was the answer d) where 60% of respondents rated the **quality, price and flexible of incubator units** as **Extremely Attractive**. Close behind with 55% of responses to the rating **Extremely Attractive**, is **favorable location and image** and with 52%, the point already mentioned above, **clustering and networking opportunities**. As for the availability of **professional business services**, this option got 62% of the responses and it was rated as **Very Attractive**, having been the less attractive characteristic rated by the respondents.



Graph 10 - Lisbon's incubators most attractive characteristics

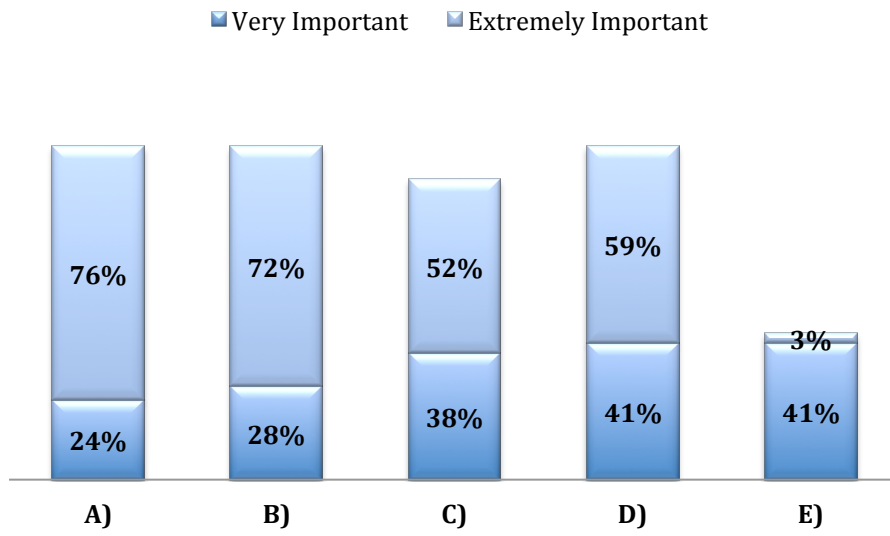
About question number 21) *What Business Incubator services have been most useful?* it may seem very similar to question number 5). However, both differ in the sense that question number 5) identifies Lisbon incubators support services, while in this question number 21), the most useful services are chosen. As such, the results show that respondents consider as most useful services (d) **business planning and forming the company**; (a) **access to grants, seed and venture capital funding**; (g) **training to develop business skills** and finally (b) **advice on development of new products and services**. These results all obtained ratings above 50%, where the out the first two options above discussed stand out, with 83% and 72% of the choices, respectively. Also note that of the 83% who selected option d), 79% agree that the **accessories to grants, seed and venture capital funding** has been attributed to incubators and 62% consider that **training to develop business skills** has also been an important service and finally 54% chose **advice on development of new products and services**.



Graph 11 - Lisbon's incubators most useful services

Regarding incubators contribution to local development, respondents had to choose five options and they had to measure from 1 to 5. Within the available options, only option b) and d) had a rating of **Very Important** and **Extremely Important**, while in options c) and e) the ratings ranged from **Moderately Important** to **Extremely Important**.

In the first three options discussed above, respectively, 76% have given a rating of **Extremely Important** to the incubators contribution to **creating new, high quality businesses**. With the same rating, 72% said they **contribute to job and wealth creation**. Still above 50% respondents have rated **improving business competitiveness** as **Extremely Important**. In the last two options, respectively, the ratings range mainly between **Moderately Important** and **Very Important**, with 52% classifying option c) as **Very Important** and 55% option e) as **Moderately Important** and 41% as **Very Important**.



Graph 12 - Lisbon's incubators contribution to local development

CONCLUSIONS

Lisbon is Europe best work-and-play capital (Morrison, 2016); in January 2014, (Dunlop, 2014) has published an article with *7 Reasons Lisbon Could be Europe's coolest city* (Dunlop, 2014); in June this year, USA President Barack Obama has invited Portugal for the 7th Edition of Global Entrepreneurship Summit (Araújo Barbosa, 2016), also this year, Business Insider published an article concerning one of the biggest East London's incubators *Second Home has raised £7.5 million and plans to open in Lisbon* (Shead, 2016) and Paddy Cosgrave, Web Summit Founder once said *Can the next Facebook be born in Lisbon* (Cabrita-Mendes, 2015). As this news there are many more, and the trend is becoming increasingly more to demonstrate the opportunity the city has to provide.

Distinguished in 2014 as the European Entrepreneurial City in 2015 (CM-Lisboa, n.d.), Lisbon is at the centre of attention around the world. *Major players who have established service centres here include Japanese IT equipment and services provider Fujitsu, French bank BNP Paribas, US IT networking equipment firm Cisco, Finnish data networking and telecommunications company Nokia Networks, and the Belgian chemical firm Solvay Among others. Energy Firms Subsea 7, Technip and National Oilwell Varco Have Their service operations sector here, as does the business jet firm NetJets* (Morrison, 2016). According to Rui Coelho, executive director of InvestLisboa, Lisbon's investment promotion agency, *the change has been dramatic. We saw record all-time investment in real estate, tourism and entrepreneurship in 2015* (Morrison, 2016).

The focus on development of various incubation areas and the creation of the Lisbon Incubators Network have improved the ecosystem significantly in recent years, accordingly with a survey conducted by Lisbon City Hall in 2013 to the start-ups in the city. *Lisbon is an attractive city for the creation of start-ups taking into account the strategic access to international markets, competitive workforce, skilled and flexible, life quality and incubation space and offices availability.* (CM-Lisboa, 2015).

Being one of the pillars of Lisbon ecosystem success, there are several opportunities for Incubation in the city. The findings of the questionnaire show that most present business activities in the ecosystem are Information and Communication Technologies and Business and Financial Services areas. *With practically no heavy industry, the service sector is everything*, Morrison (2016) once said.

Regarding support for business, environment incubators are solid and effective in helping companies in their business plan and form the company itself, provide networking support to companies by connecting these with mentors and board members and they are still an asset when it comes to access to grants, seed, venture capital funding and business angel network.

The main bases of support in the incubator ecosystem are the State and the Universities and R&D centres. The first agent above, it is one of the leading figures that invests in the creation of incubators, often with public-private partnerships (that is why most of the incubators are public, non-profitable and take longer than five years to be profitable). But they are not only present in its origin. They also help incubators by monitoring the business, supporting part of operating costs while they get a fee ranging from business to business. The last two covered entities are not only a support for incubators; they are also a source of new ideas and ecosystem businesses.

The promotion methods used by incubators are through advertising and media and business events and conferences and the most attractive features of Lisbon incubators are price, quality and flexibility of incubator units and also the favourable location and image of incubators. Compared to other similar types of business, incubators services charges are lower and to join any there is no particular criteria defined, it is only necessary to follow Startup Lisboa example, as we discuss in the third chapter.

The incubators within Lisbon ecosystem, were considered critical and without the cooperation of those the success of incubated did not exist. An Incubator contributes to local development and creating new high quality businesses contributing to the competitiveness and creating new jobs. Finally Lisbon incubators were very good ranked and an example to follow.

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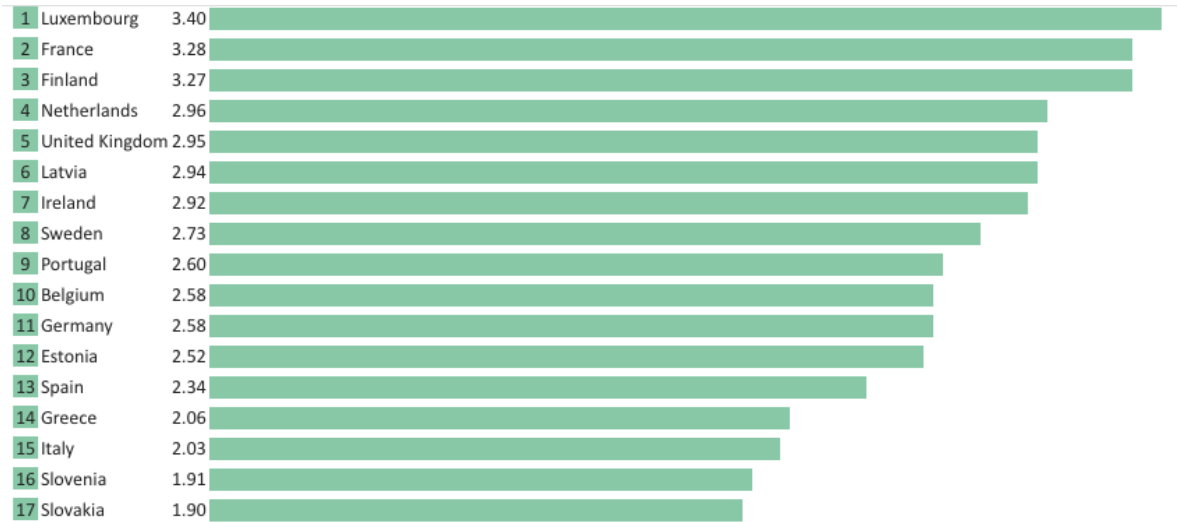
Welford, B. (2014). *12 Reasons Why Incubators Help Startup Success*. [online] Pakwired.com. Available at: <http://pakwired.com/12-reasons-incubators-help-startup-success/> [Accessed 5 Jan. 2016];

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APPENDIX

APPENDIX 1 - GLOBAL ENTREPRENEURSHIP MONITOR INDICATORS

APPENDIX 1.1. - GOVERNMENTAL SUPPORT AND POLICIES & PROGRAMS



Graph 13 - Governmental support and policies Top 17 European Countries results (GEM, n.d. & 2013)

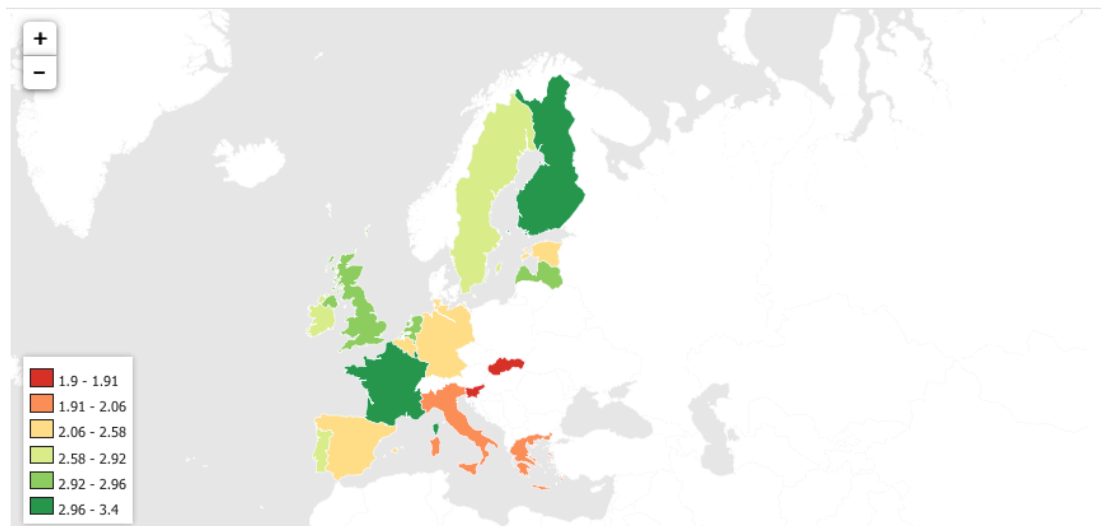
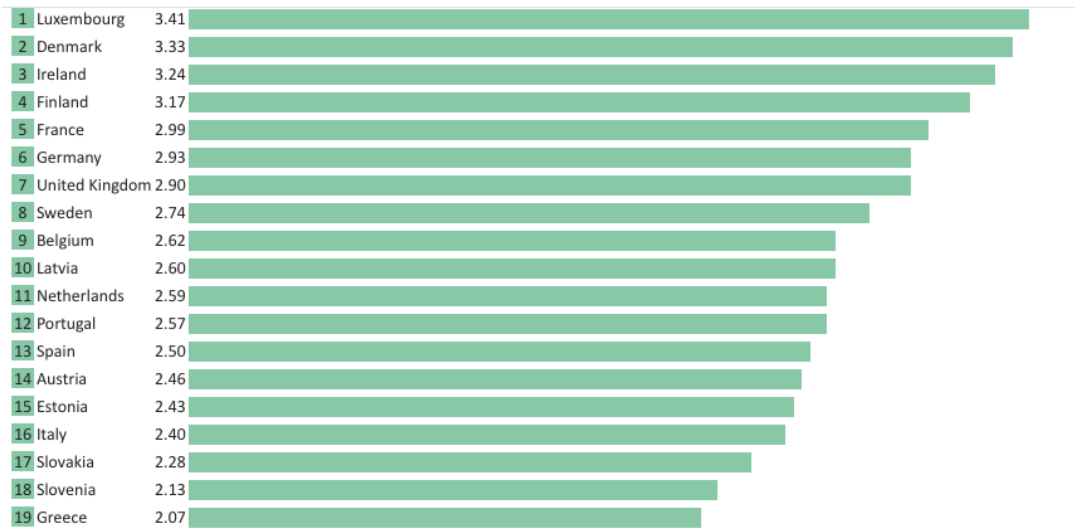


Figure 4 - Governmental support and policies - European perspective (GEM, n.d. & 2013)



Graph 14 - Governmental support and policies Top 19 European Countries results (GEM, n.d. & 2014)

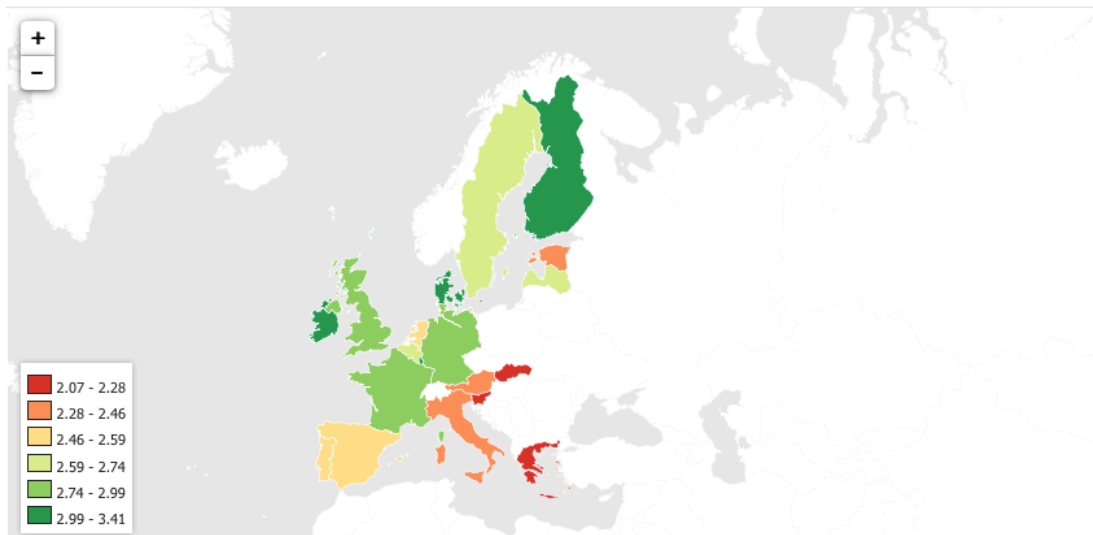


Figure 5 - Governmental support and policies - European perspective (GEM, n.d. & 2014)



Graph 15 - Governmental programs Top 17 European Countries results (GEM, n.d. & 2013)

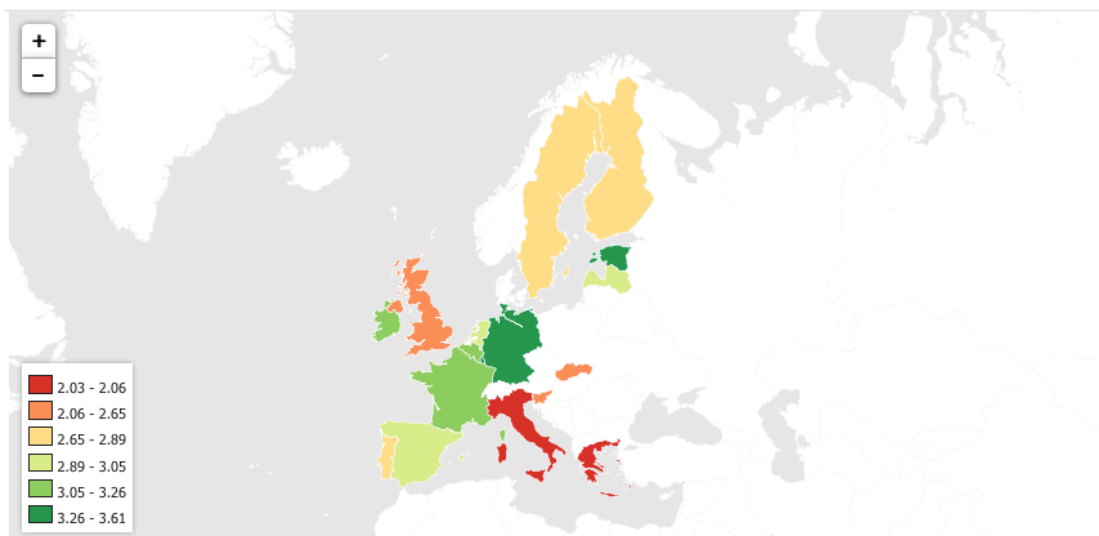
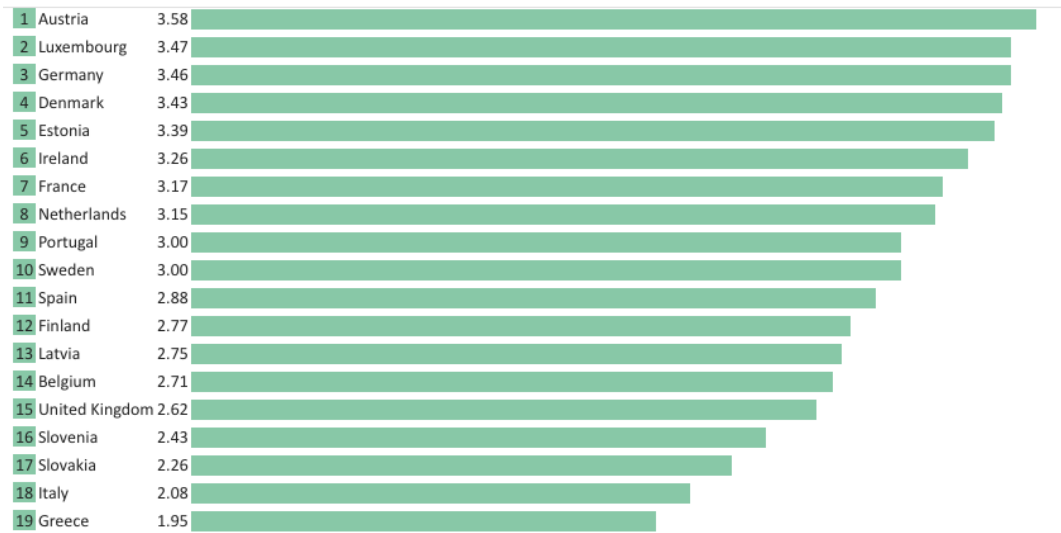


Figure 6 - Governmental programs - European perspective (GEM, n.d. & 2013)



Graph 16 - Governmental programs Top 19 European Countries results (GEM, n.d. & 2014)

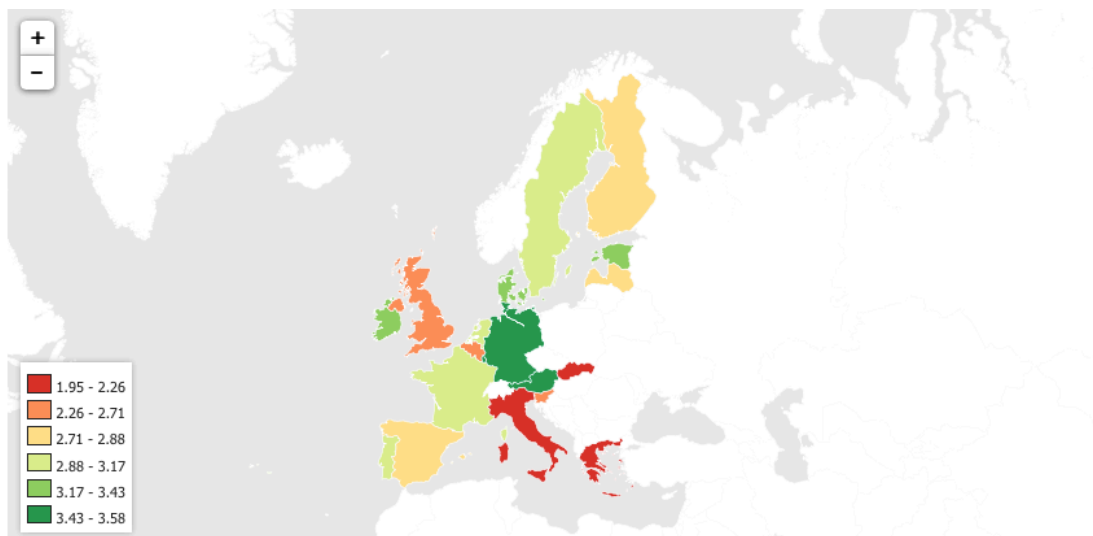


Figure 7 - Governmental programs - European perspective (GEM, n.d. & 2014)

APPENDIX 1.2. - FINANCING FOR ENTREPRENEURS



Graph 17 - Financing for Entrepreneurs Top 17 European Countries results (GEM, n.d. & 2013)

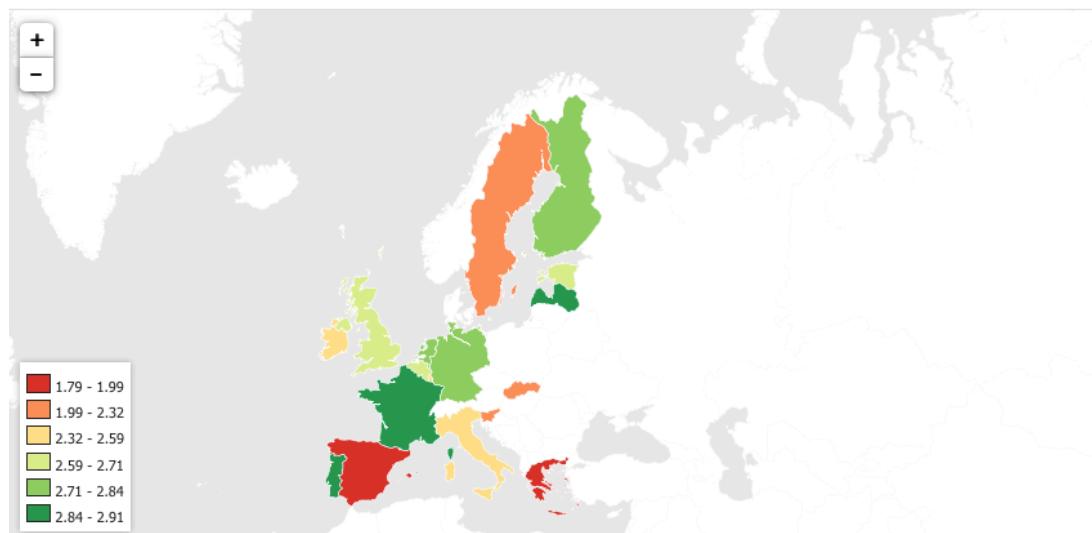


Figure 8 - Financing for Entrepreneurs - European perspective (GEM, n.d. & 2013)



Graph 18 - Financing for Entrepreneurs Top 19 European Countries results (GEM, n.d. & 2014)

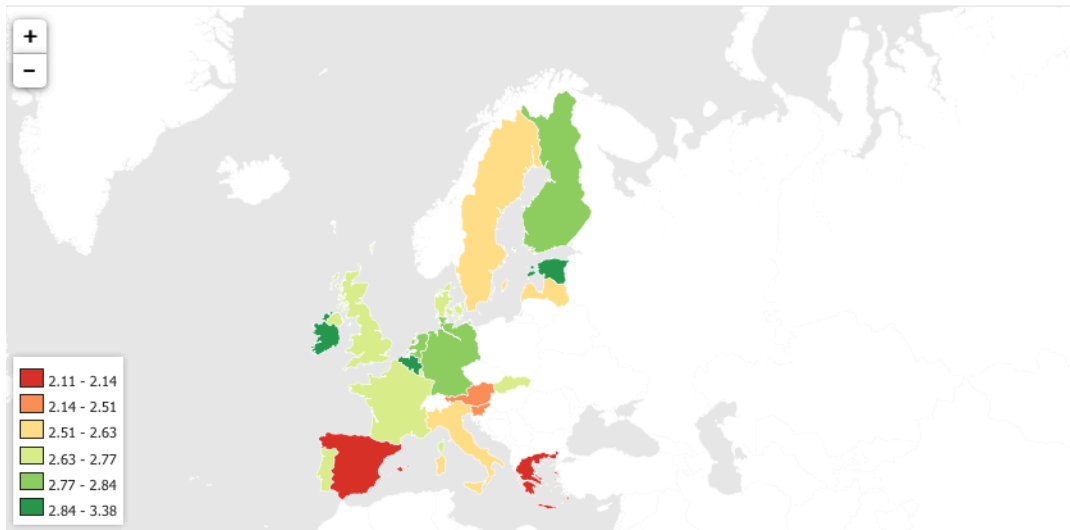
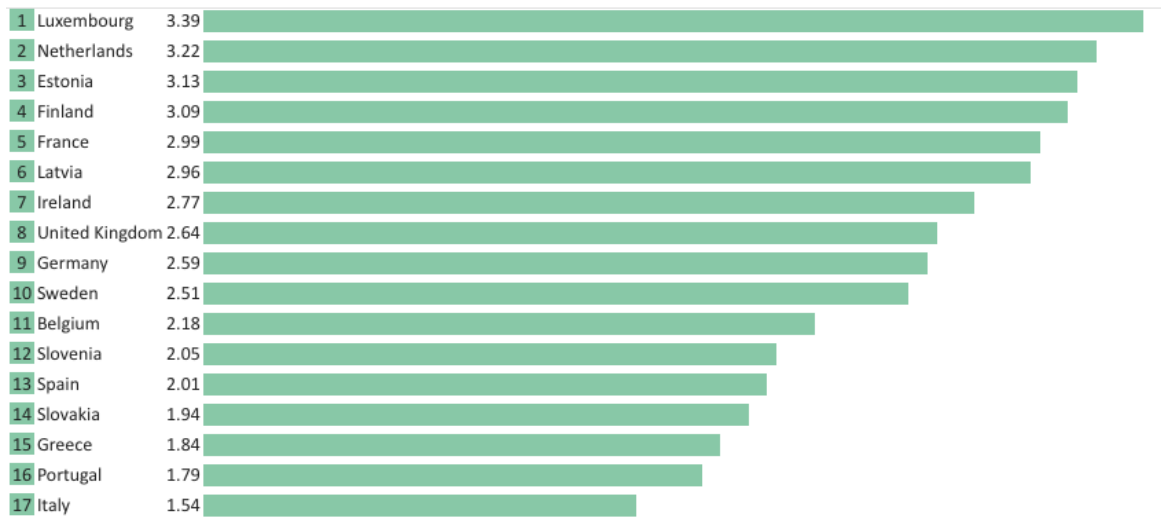


Figure 9 - Financing for Entrepreneurs - European perspective (GEM, n.d. & 2014)

APPENDIX 1.3. - TAXES & BUREAUCRACY



Graph 19 - Taxes & Bureaucracy Top 17 European Countries results (GEM, n.d. & 2013)

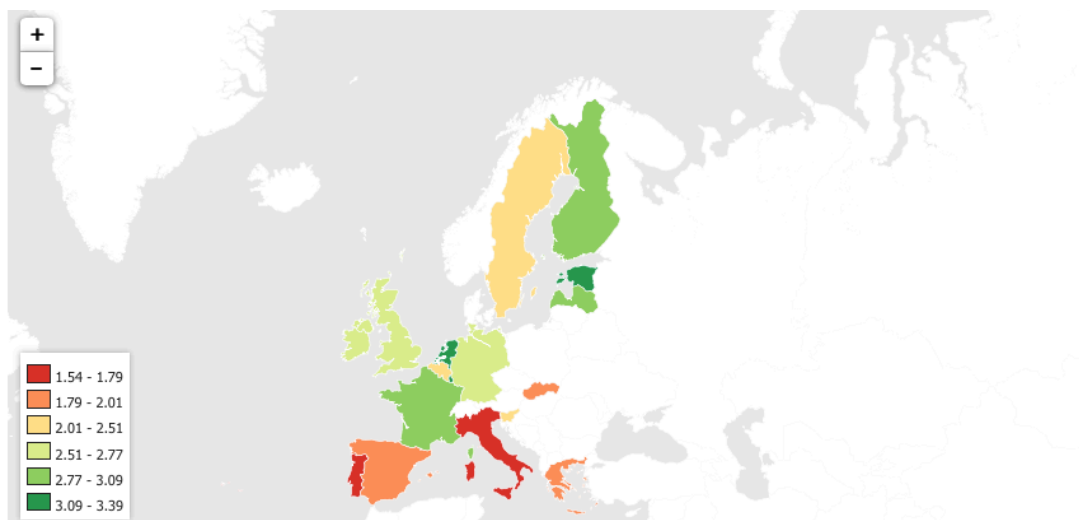
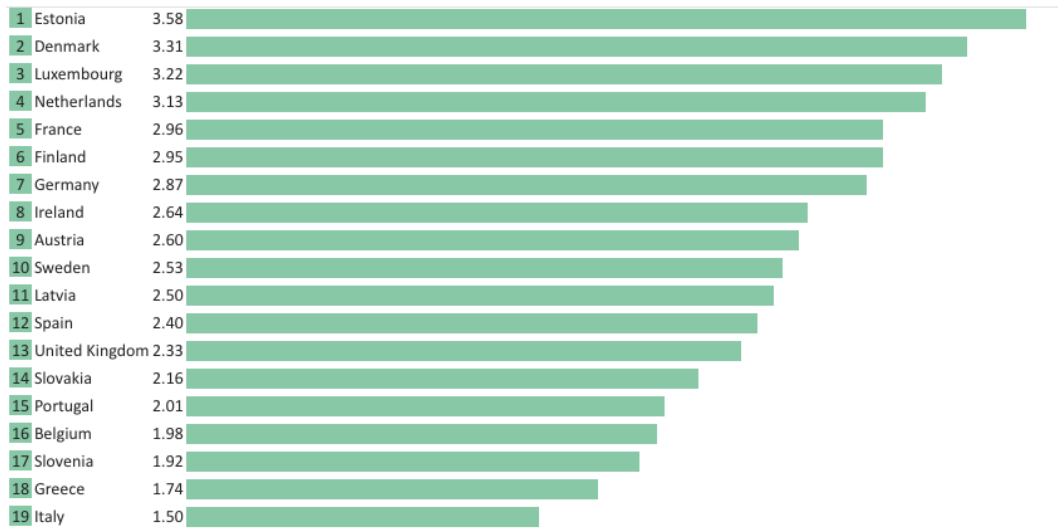


Figure 10 - Taxes & Bureaucracy - European perspective (GEM, n.d. & 2013)



Graph 20 - Taxes & Bureaucracy Top 19 European Countries results (GEM, n.d. & 2014)

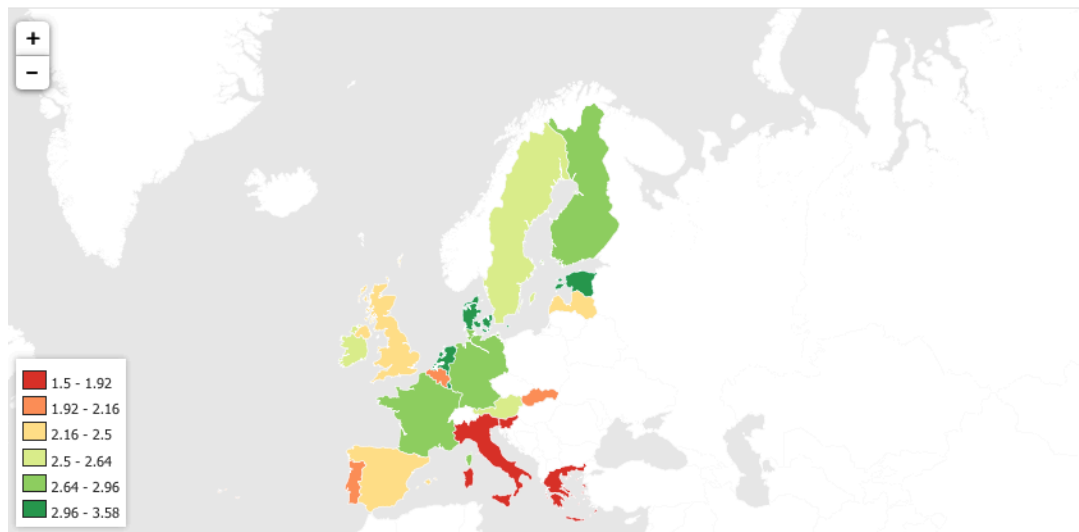
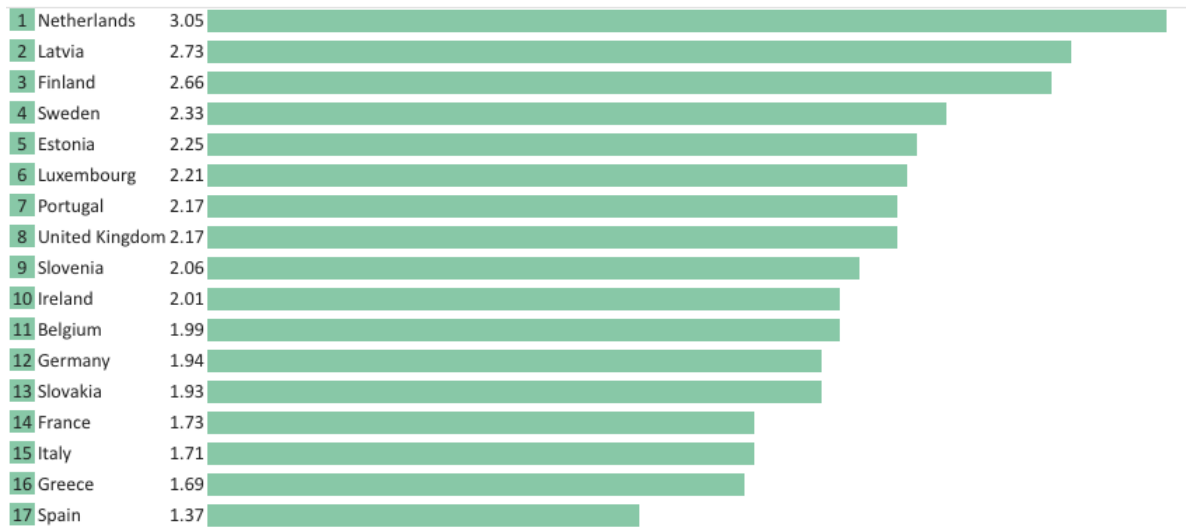


Figure 11 - Taxes & Bureaucracy - European perspective (GEM, n.d. & 2014)

APPENDIX 1.4. - BASIC-SCHOOL ENTREPRENEURIAL EDUCATION AND TRAINING



Graph 21 - Basic-school entrepreneurial education and training Top 17 European Countries results (GEM, n.d. & 2013)

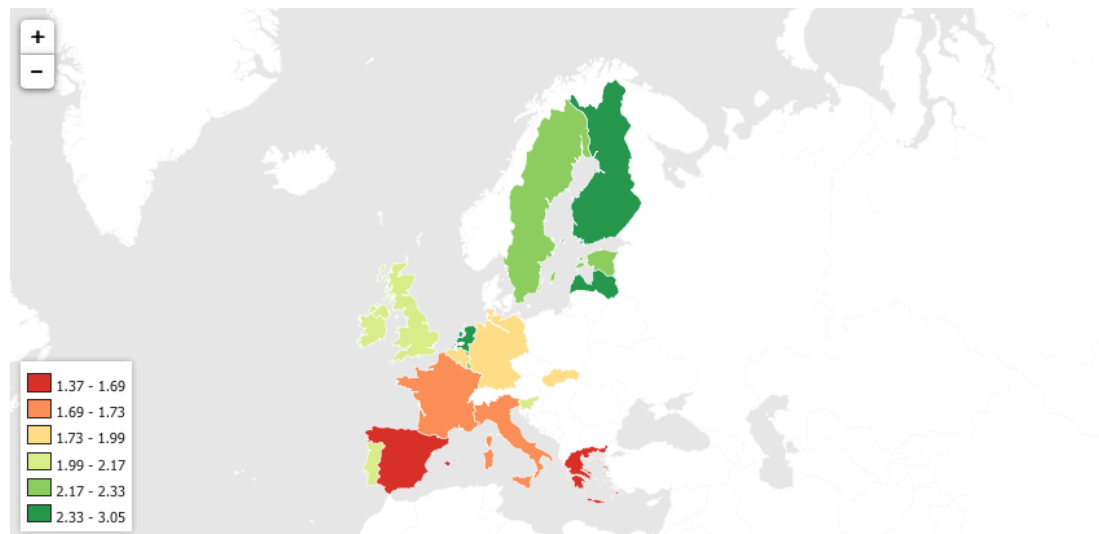
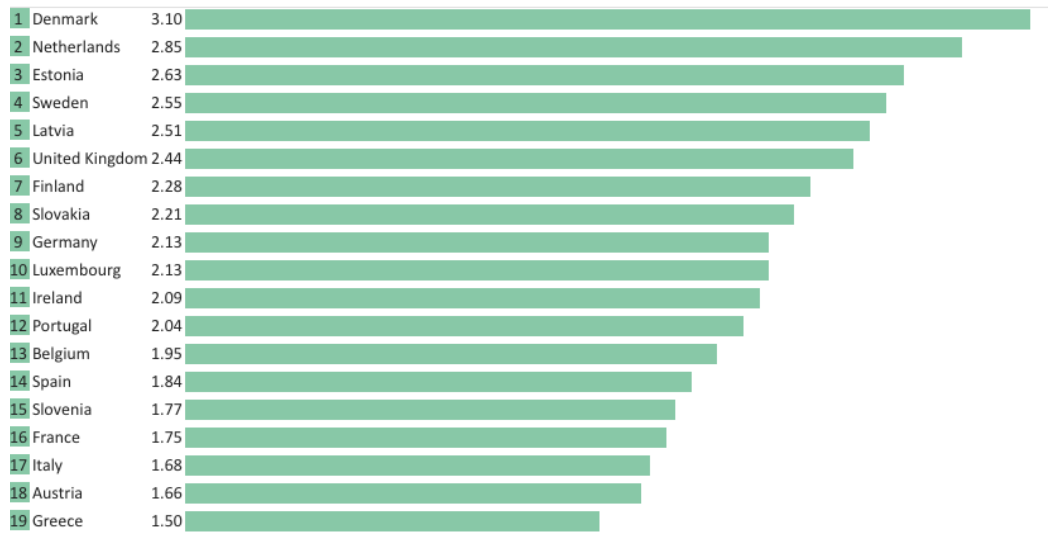


Figure 12 - Basic-school entrepreneurial education and training - European perspective (GEM, n.d. & 2013)



Graph 22 - Basic-school entrepreneurial education and training Top 19 European Countries results (GEM, n.d. & 2014)

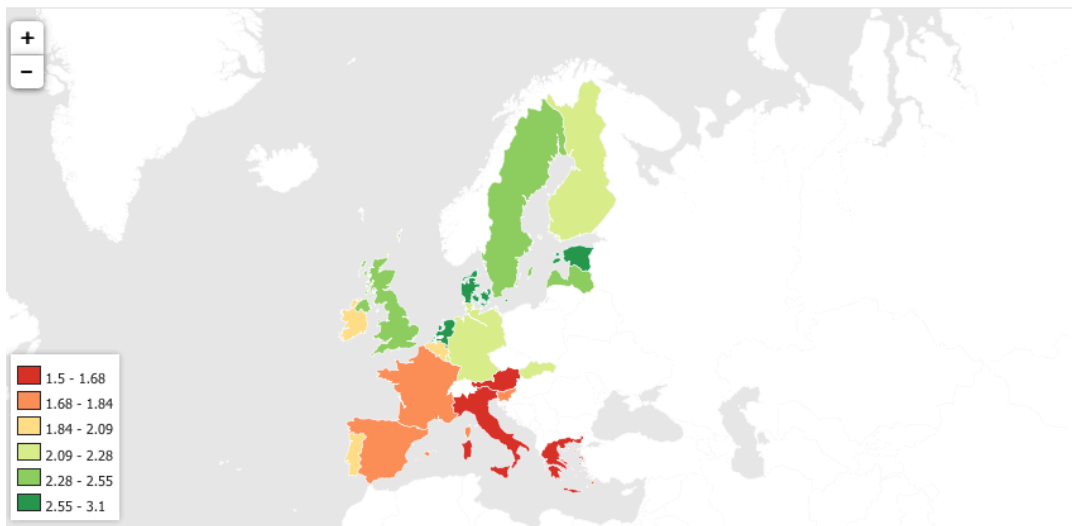
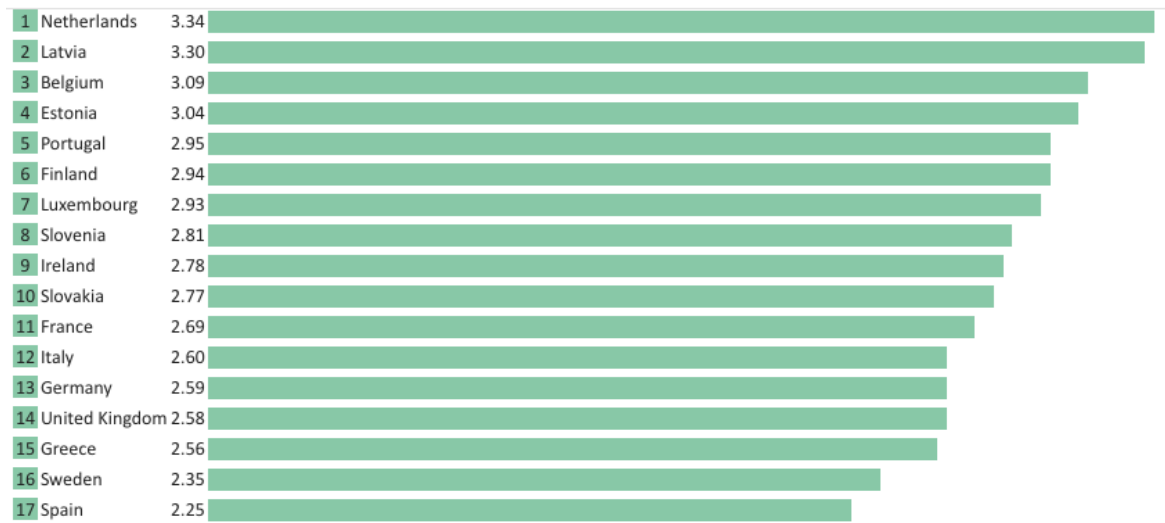


Figure 13 - Basic-school entrepreneurial education and training - European perspective (GEM, n.d. & 2014)

APPENDIX 1.5. - POST-SCHOOL ENTREPRENEURIAL EDUCATION AND TRAINING



Graph 23 - Post-school entrepreneurial education and training Top 17 European Countries results (GEM, n.d. & 2013)

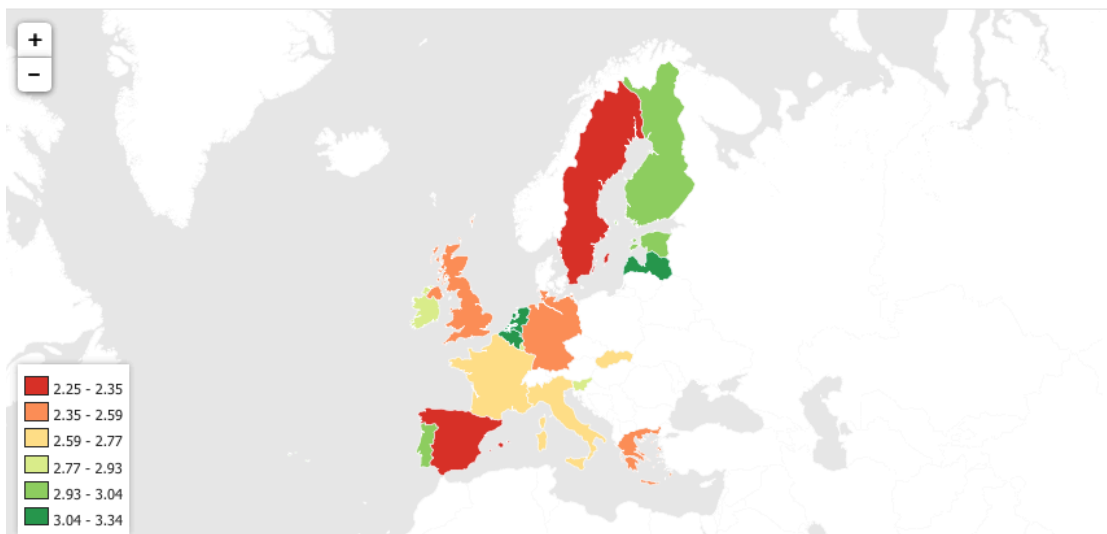


Figure 14 - Post-school entrepreneurial education and training - European perspective (GEM, n.d. & 2013)



Graph 24 - Post-school entrepreneurial education and training Top 19 European Countries results (GEM, n.d. & 2014)

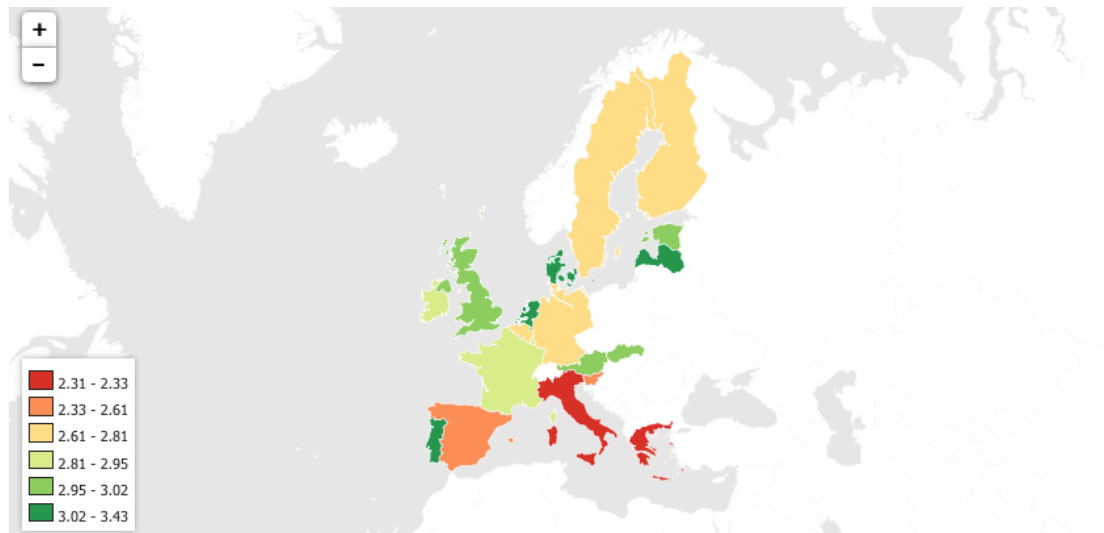
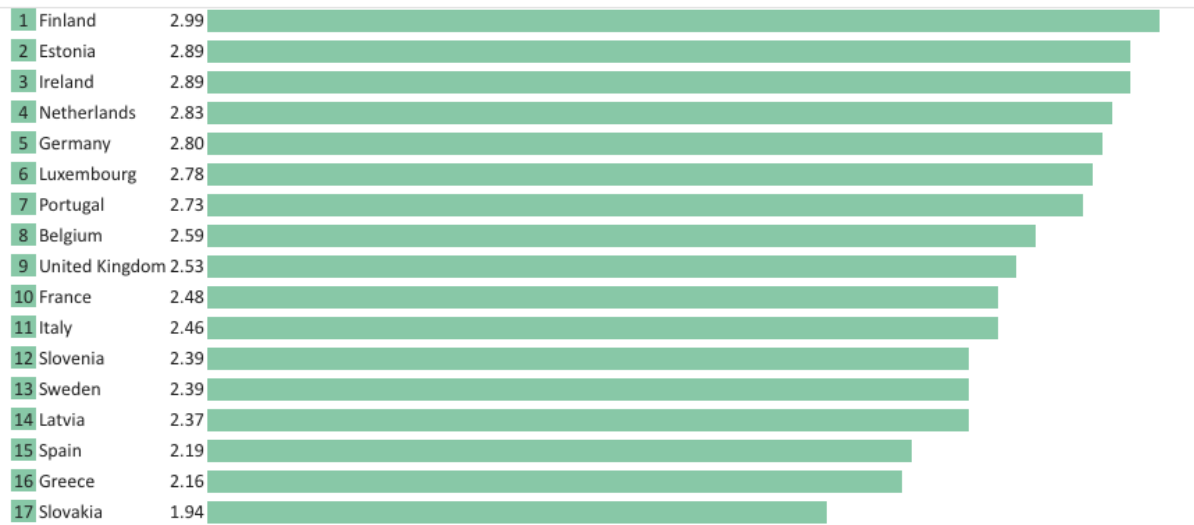


Figure 15 - Post-school entrepreneurial education and training - European perspective (GEM, n.d. & 2014)

APPENDIX 1.6. - R&D TRANSFER



Graph 25 - R&D transfer Top 17 European Countries results (GEM, n.d. & 2013)

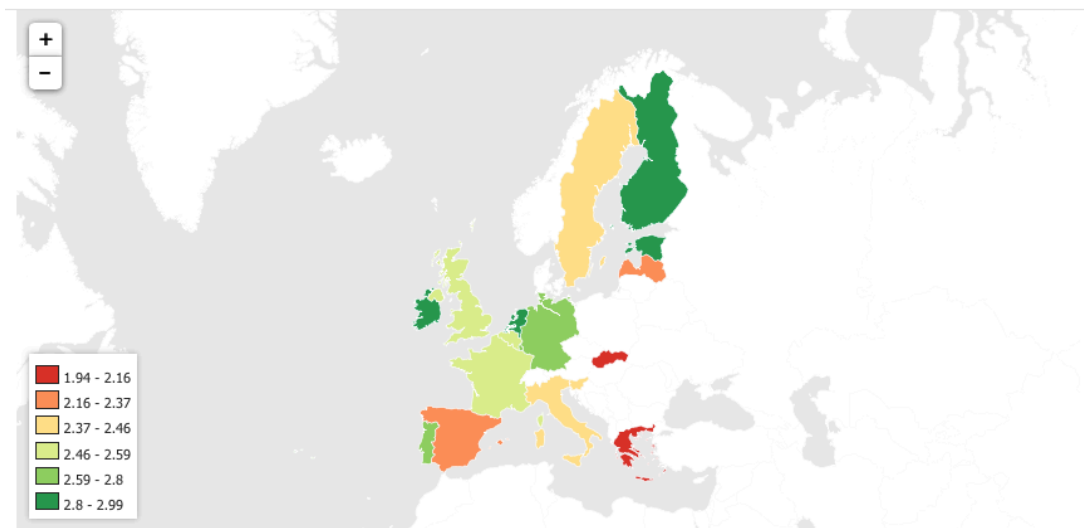


Figure 16 - R&D transfer - European perspective (GEM, n.d. & 2013)

YEARS	EXECUTION SECTOR				
	TOTAL	COMPANIES	STATE	HIGHER EDUCATION	NON-PROFIT ORGANIZATIONS
2009	2.771.599,7	1.311.069,6	202.537,3	1.013.727,5	244.265,3
2010	2.757.554,6	1.266.296,1	196.287,9	1.016.624,3	278.346,3
2011	2.566.449,9	1.216.345,6	189.329,9	933.812,2	226.962,3
2012	2.320.132,8	1.153.332,2	124.224,3	846.000,6	196.575,7
2013	2.258.471,0	1.072.908,7	147.150,1	1.008.266,8	30.145,4
2014	2.232.248,9	1.035.966,2	139.833,3	1.018.024,6	38.424,8

Table 3 - Research and development (R&D) expenses: total and by performance



Graph 26 - R&D transfer Top 19 European Countries results (GEM, n.d. & 2014)

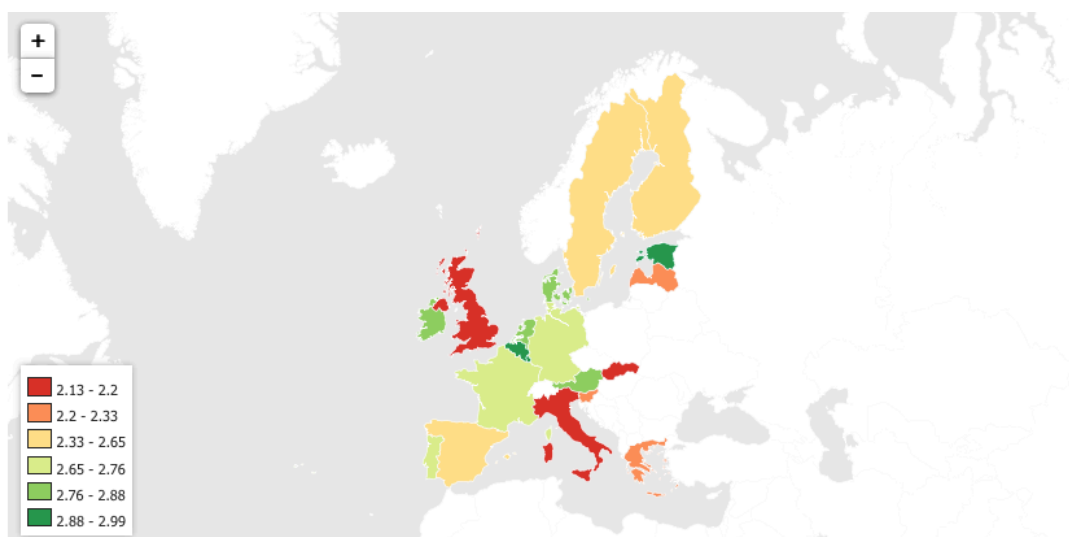


Figure 17 - R&D transfer - European perspective (GEM, n.d. & 2014)

APPENDIX 1.7. - COMMERCIAL AND PROFESSIONAL INFRASTRUCTURE



Graph 27 - Commercial and professional infrastructure Top 17 European Countries results (GEM, n.d. & 2013)

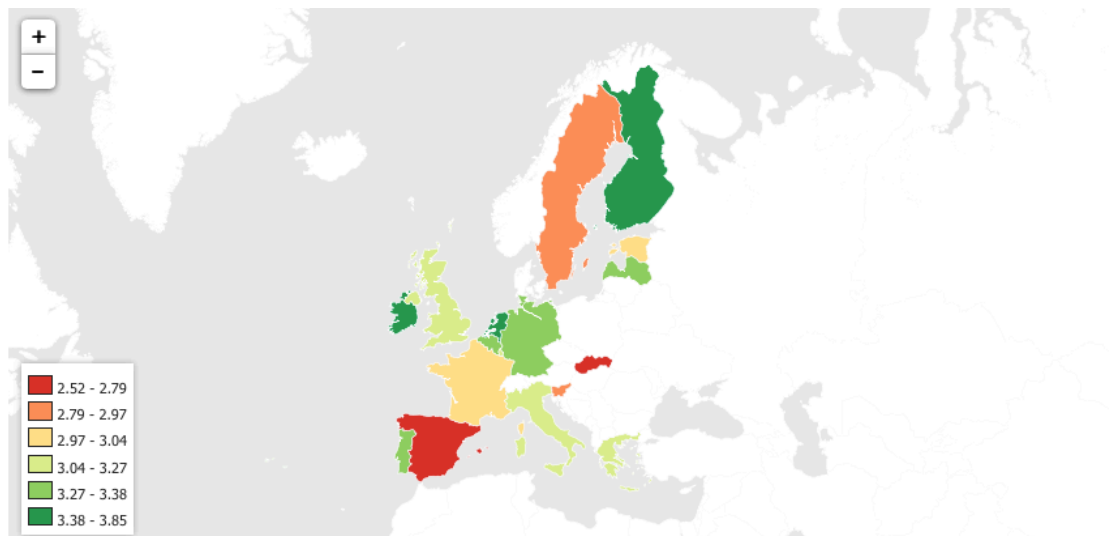


Figure 18 - Commercial and professional infrastructure - European perspective (GEM, n.d. & 2013)



Graph 28 - Commercial and professional infrastructure Top 19 European Countries results (GEM, n.d. & 2014)

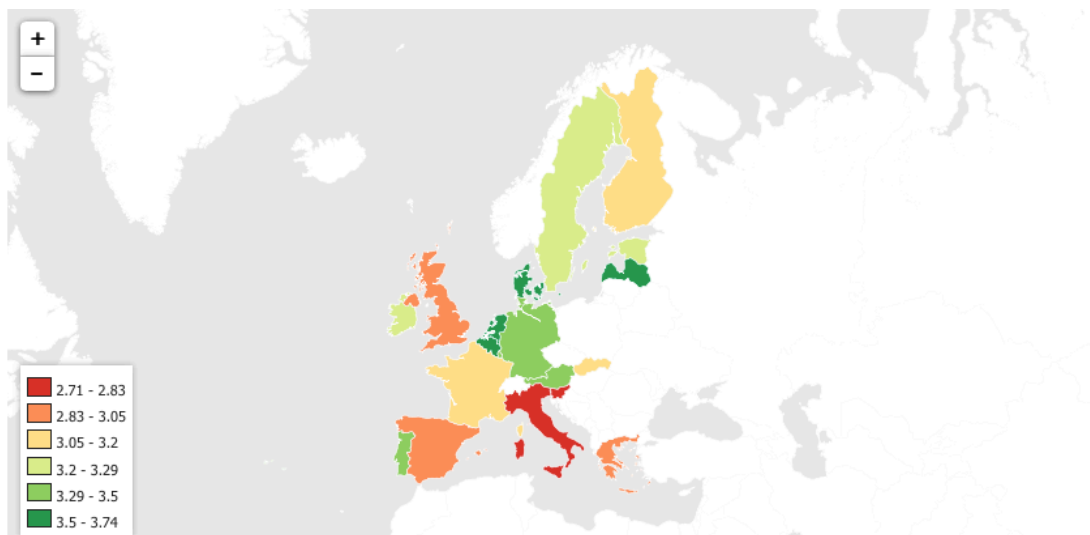
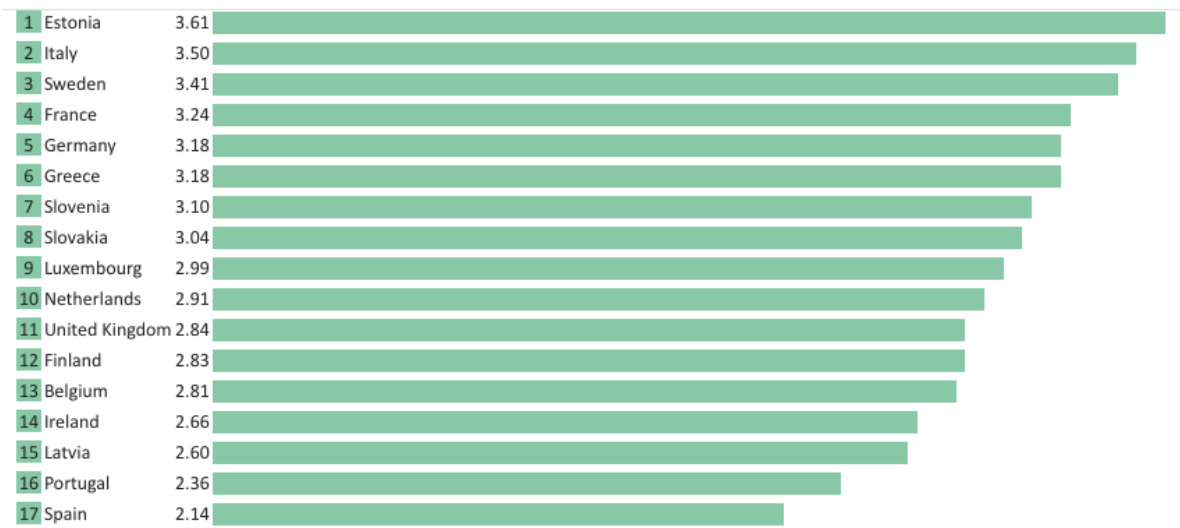


Figure 19 - Commercial and professional infrastructure - European perspective (GEM, n.d. & 2014)

APPENDIX 1.8. - INTERNAL MARKET DYNAMICS



Graph 29 - Internal market dynamics Top 17 European Countries results (GEM, n.d. & 2013)

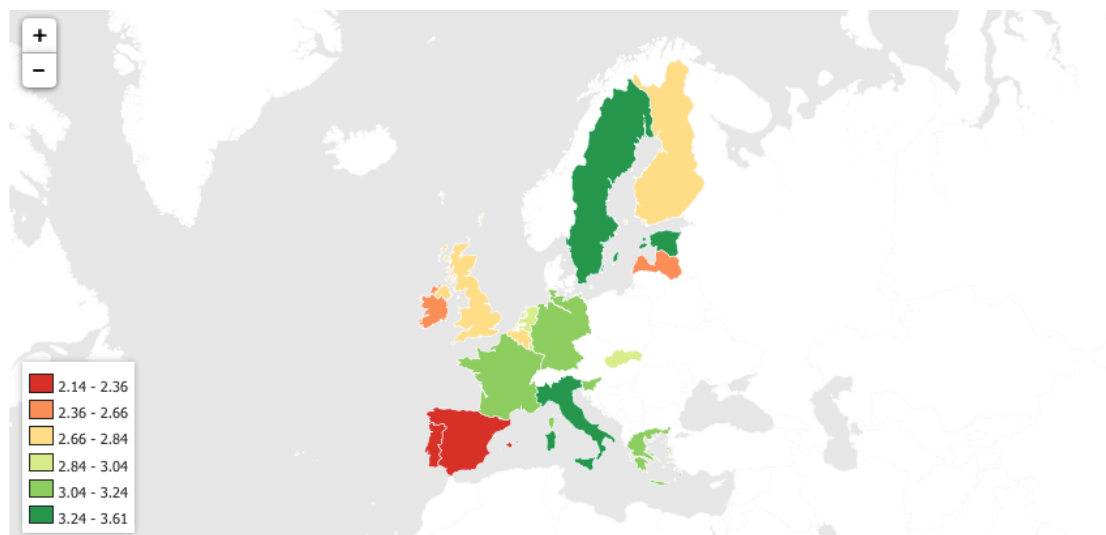
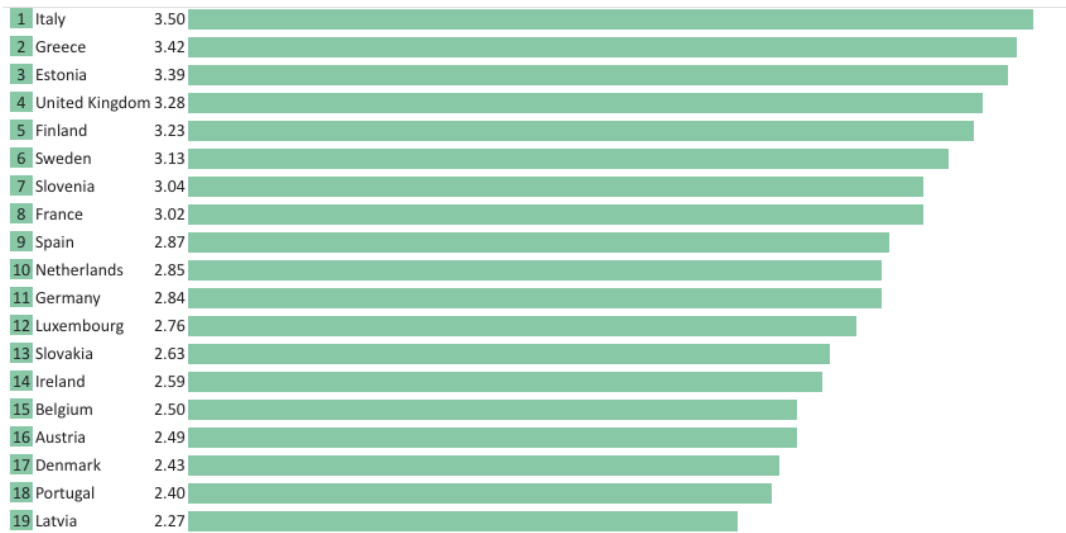


Figure 20 - Internal market dynamics - European perspective (GEM, n.d. & 2013)



Graph 30 - Internal market dynamics Top 19 European Countries results (GEM, n.d. & 2014)

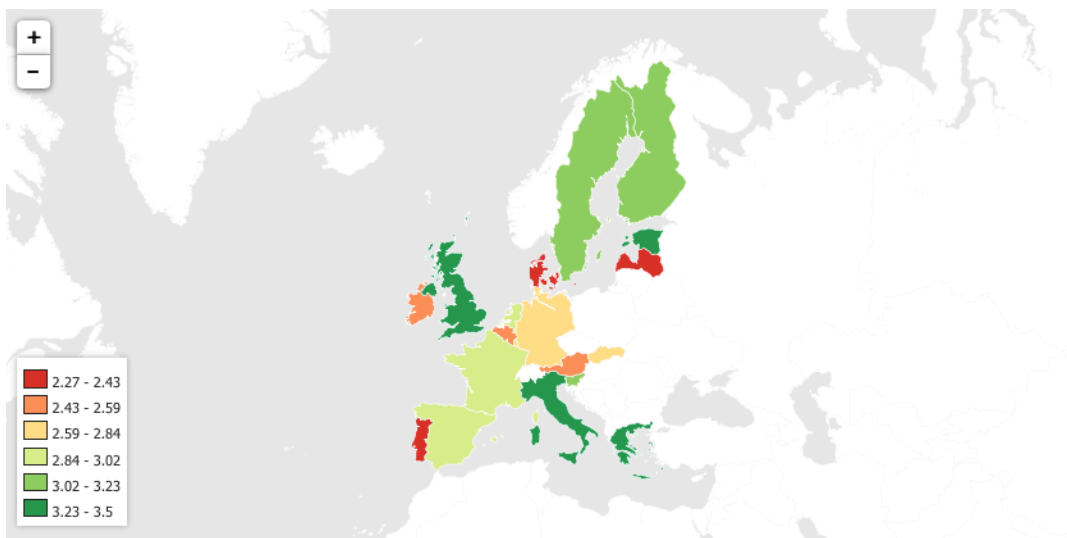


Figure 21 - Internal market dynamics - European perspective (GEM, n.d. & 2014)

APPENDIX 1.9. - INTERNAL MARKET OPENESS



Graph 31 - Internal market openness Top 17 European Countries results (GEM, n.d. & 2013)

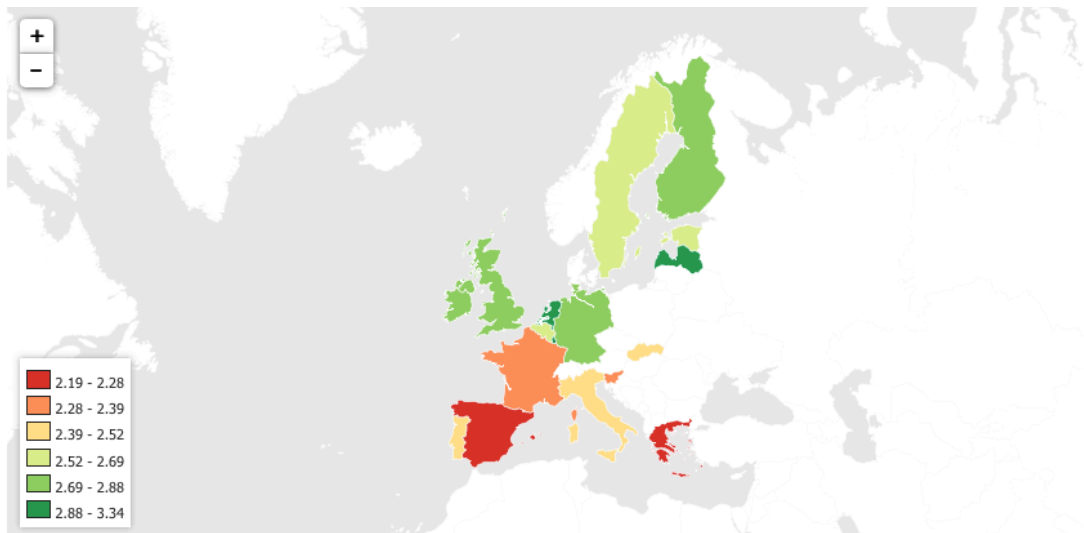
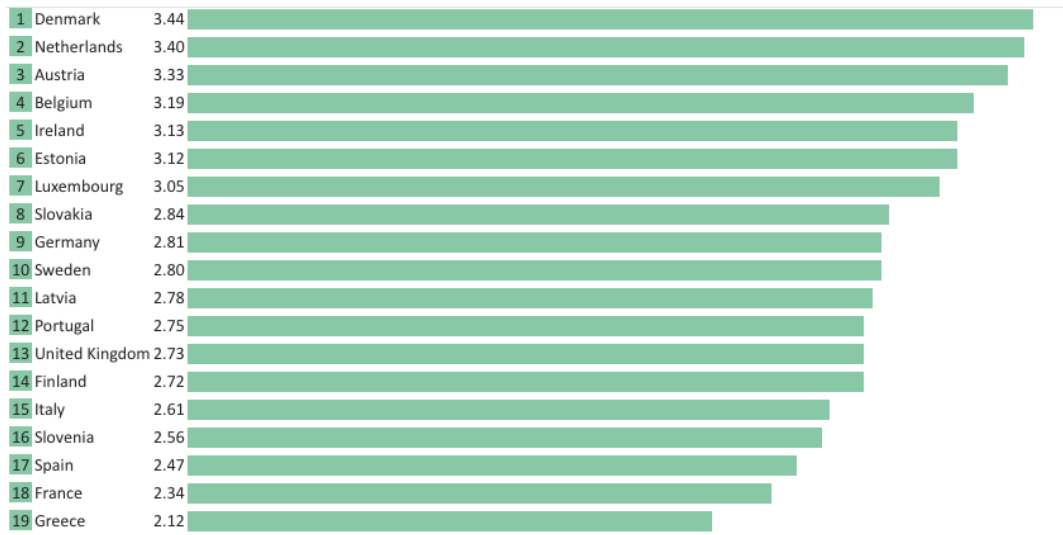


Figure 22 - Internal market openness - European perspective (GEM, n.d. & 2013)



Graph 32 - Internal market openness Top 19 European Countries results (GEM, n.d. & 2014)

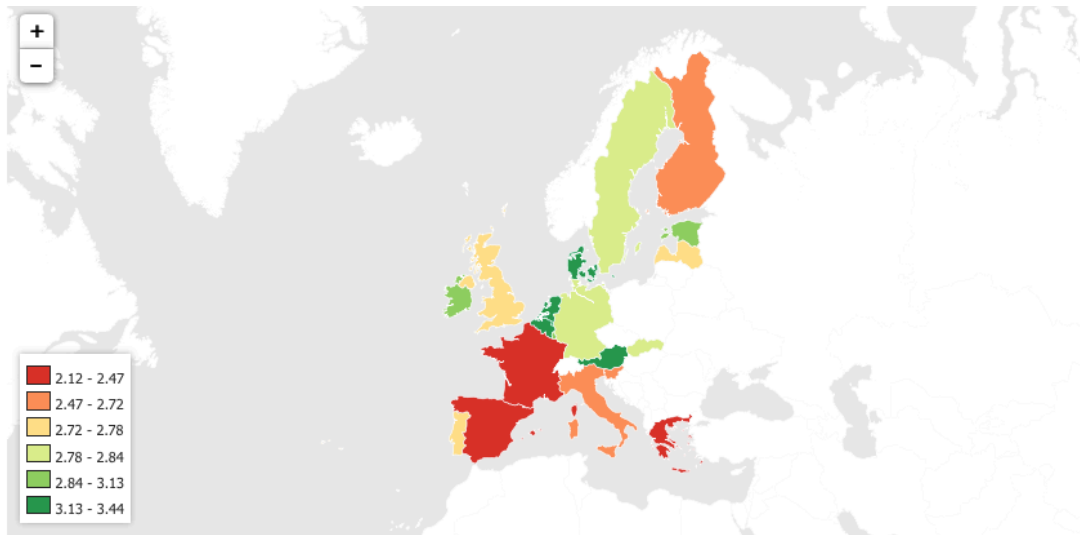


Figure 23 - Internal market openness - European perspective (GEM, n.d. & 2014)

APPENDIX 1.10. - PHYSICAL AND SERVICES INFRASTRUCTURES



Graph 33 - Physical and services infrastructures Top 17 European Countries results (GEM, n.d. & 2013)

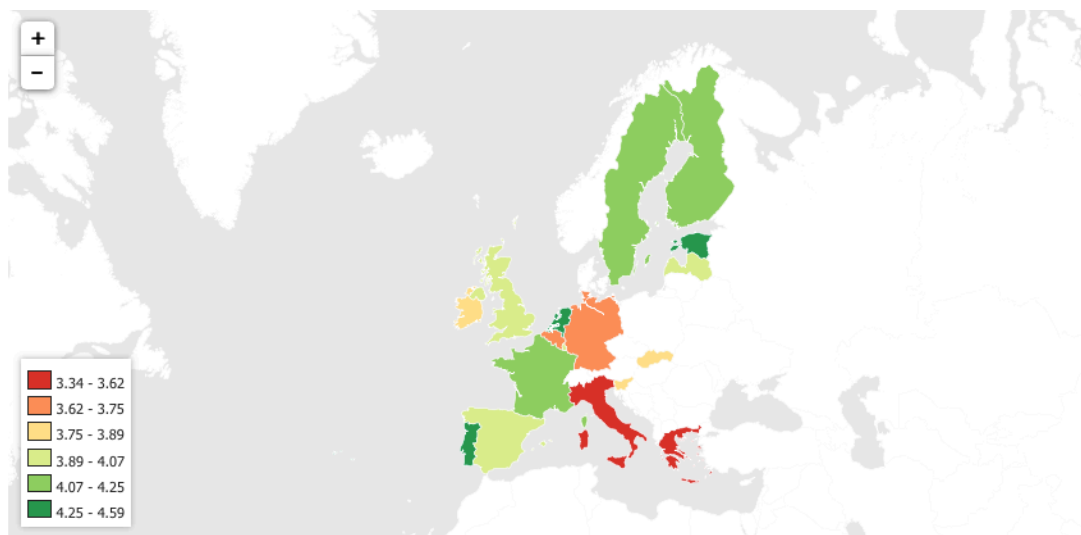


Figure 24 - Physical and services infrastructures - European perspective (GEM, n.d. & 2013)



Graph 34 - Physical and services infrastructures Top 19 European Countries results (GEM, n.d. & 2014)

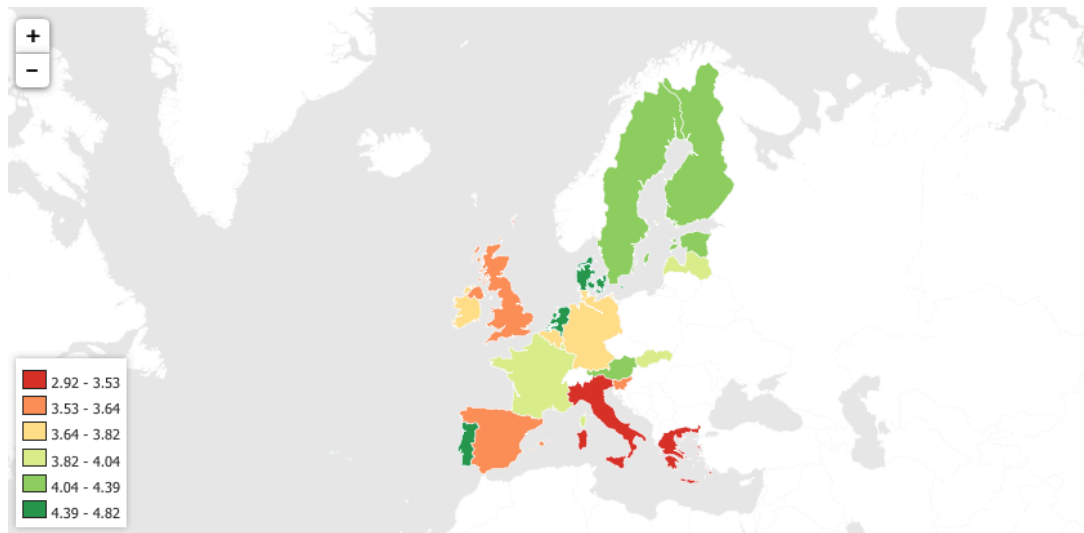
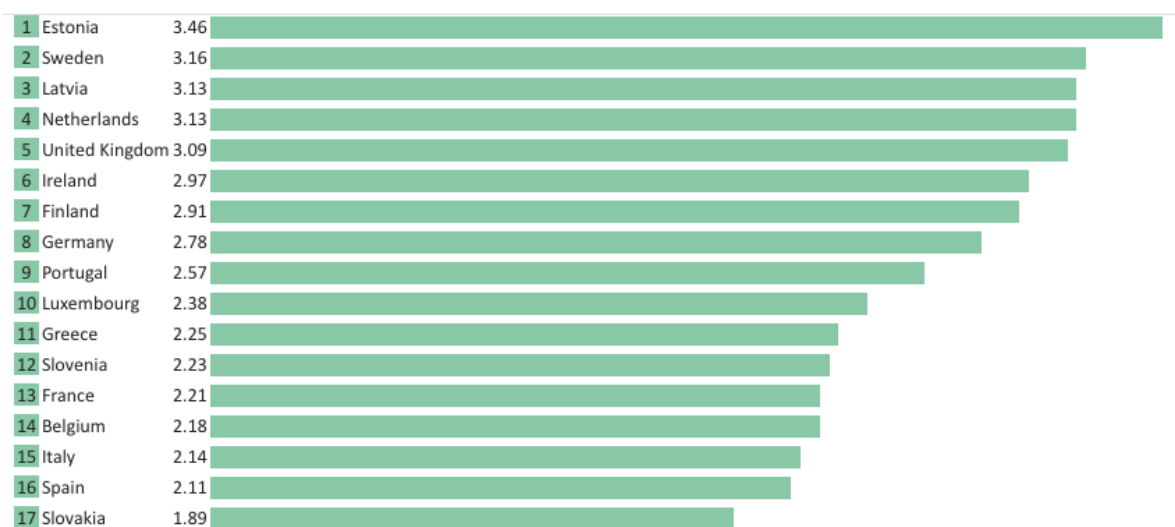


Figure 25 - Physical and services infrastructures - European perspective (GEM, n.d. & 2014)

APPENDIX 1.11. - CULTURAL AND SOCIAL NORMS



Graph 35 - Cultural and social norms Top 17 European Countries results (GEM, n.d. & 2013)

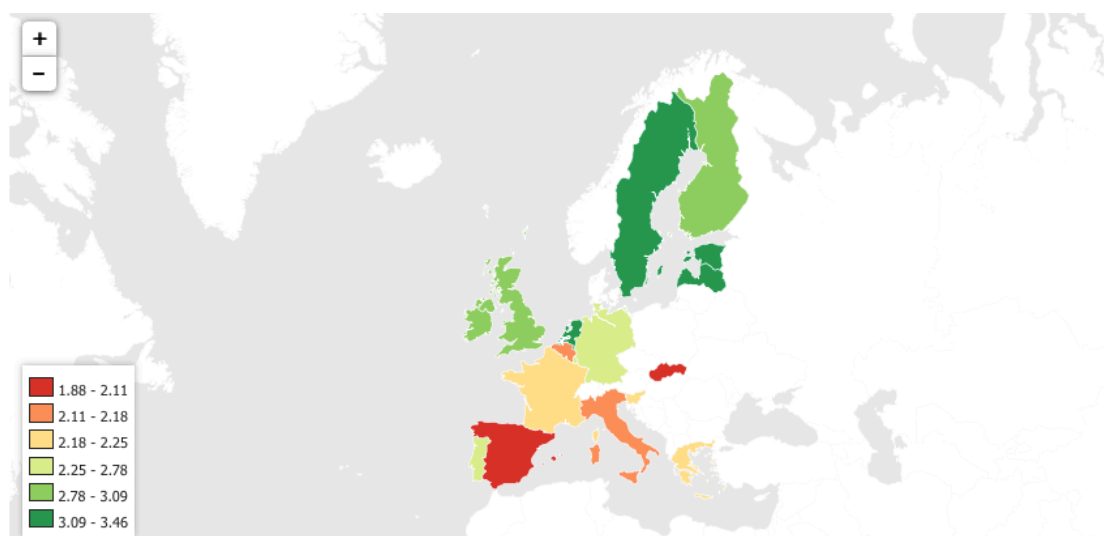
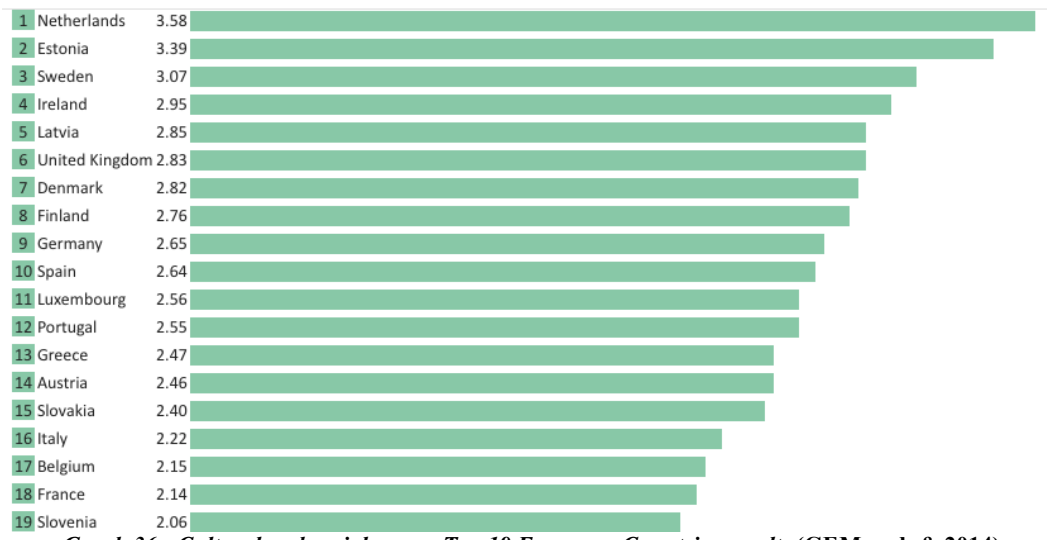


Figure 26 - Cultural and social norms - European perspective (GEM, n.d. & 2013)



Graph 36 - Cultural and social norms Top 19 European Countries results (GEM, n.d. & 2014)

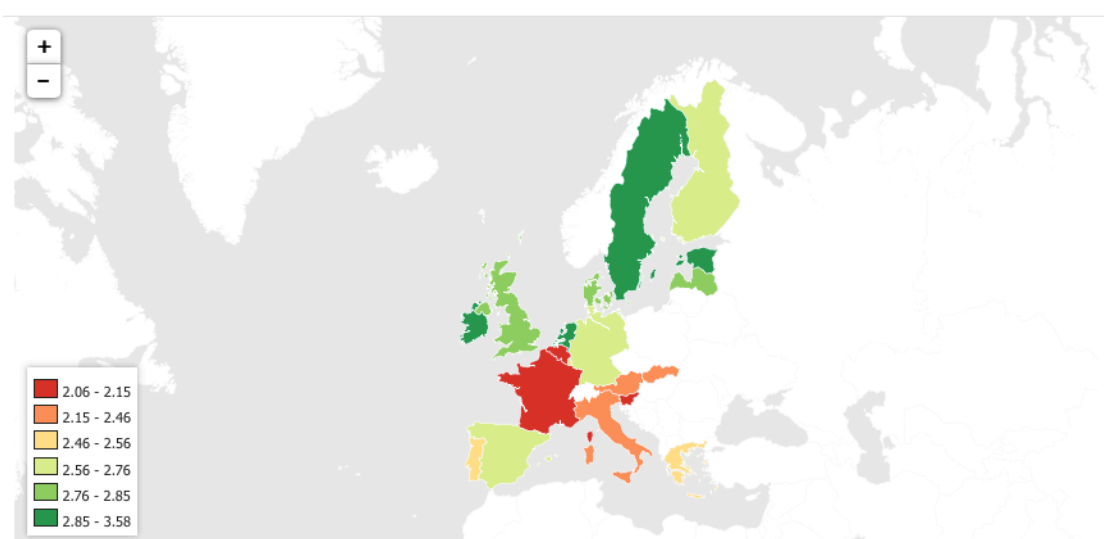


Figure 27 - Cultural and social norms - European perspective (GEM, n.d. & 2014)

APPENDIX 2 - QUESTIONNAIRE

1. - What is your gender?

- Male
- Female

2. -Which categories below include your age?

- 20 or younger
- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 or older

3. - What is the highest level of school you have completed or the highest degree you have received?

- Less than high school degree
- High school degree or equivalent
- Bachelor Degree
- Graduate Degree
- Master degree
- Doctoral degree

4. - What are the main business activities in Lisbon's ecosystem?

- Advanced / High-Tech Manufacturing
- Business & Financial Services;
- Information & Communication Technologies
- Research & Development
- Other Manufacturing Activities
- Other Service Activities

5. - Lisbon's Incubators Business Support Services (Choose as many as you like):

- Accounting, legal and other related services
- Advice on development of new products and services
- Advice on recruitment of staff and personnel management
- Business planning and forming a company
- Incubator venture capital fund, business angel network
- Help with e-business
- Help with exporting and/or partner search abroad
- Help with raising bank finance, grants, and venture capital
- Market research, sales and marketing
- Mentors, board members and other senior advisers
- Networking (e.g. with other entrepreneurs or customers)
- Pre-Incubation Services
- Training to develop business skills
- Other services

6. - Who are the key partners involved in setting up business incubators in Lisbon?
(Choose as many as you like)

- Community and voluntary organisations
- Companies, banks and other private sector organisations
- EU and/or other international agencies
- National authorities and public agencies
- Universities and other R&D organisations

7. - What is Lisbon's Incubators legal status?

- Private companies
- Public entities
- Semi-public or other
- No answer/ don't know

8. - What are Lisbon's Business Incubators main goals?
- Contribute to competitiveness and job creation
 - Help companies generate spin-off activities
 - Help disadvantaged communities/individuals
 - Help R&D centres commercialise know-how
 - Others
9. - Where did the current business clients originate?
- Branch of Existing Firms
 - Spin-off from University or R&D Centre
 - Start-ups
10. - Most of Lisbon's Incubators are designed to be:
- Non-Profitable
 - Profitable
 - No answer / I do not know
11. - How business incubators set up costs, are funded in the cluster?
- Payments from banks and other private sector organisations
 - Payments from universities and other R&D organisations
 - Subsidies - EU and other international agencies
 - Subsidies - National authorities and public agencies
 - Other sources
12. - How business incubators operating costs, are funded?
- Investment income (e.g. equity returns or royalties)
 - Payments from banks and other private sector organisations;
 - Payments from universities and other R&D organisations;
 - Rental income and other incubator charges;
 - Subsidies - EU and other international agencies;
 - Subsidies - National authorities and public agencies;
 - Other revenue (e.g. service contracts)

13. - Does the rental charge vary according to the length of the business?

- Yes
- No
- No response / I do not know

14. - How long will it take for a Lisbon business incubator to break even?

- Less than 1 year
- 1 - 2 years
- 2 - 3 years
- 3 - 4 years
- 4 - 5 years
- Over 5 years

15. - How do the charges for incubator services generally compare with the cost of similar types of services provided by other business support organisations in the area?

- Higher
- About the same
- Lower
- No response / I do not know

16. - What criteria are used to define the incubator's target market?

- Can be already trading
- Must be certain activities
- Must be start-ups
- No particular criteria

17. - What criteria are used to define the incubator's target market? (1 - Disagree / 5 - Extremely Agree)

- Can be already trading
- Must be certain activities
- Must be start-ups
- No particular criteria

18. - What type of methods is used to promote incubator target market? (1 - Not at all Important / 5 - Extremely Important)

- Advertising and media
- Business events or conferences
- Direct approach to clients
- Referrals from other agencies
- Other methods

19. - Which of the following characteristics do you think are the most attractive in Lisbon Incubators? (1 - Not Attractive / 5 - Extremely Attractive)

- Availability of professional business services
- Clustering and networking opportunities
- Favourable location and image
- Quality, price and flexible of incubator units

20. - Importance of Lisbon Incubators to company performance

- Critical - without support, firm would not have been successful
- Important - support has been helpful but not critical to success
- Not important - firm would succeeded without incubator support

21. - What Business Incubator services have been most useful? (Choose as many as you like)

- Access to grants, seed and venture capital funding
- Advice on development of new products and services
- Advice on recruitment of staff and personnel management
- Business planning and forming a company
- Help with raising bank finance
- Pre-Incubation services
- Training to develop business skills
- Other professional services;

22. - How does the incubator contribute to local development? (1 - Not at all Important / 5 - Extremely Important)

- Creating new, high quality businesses
- Contributing to job and wealth creation
- Developing new products and services
- Improving business competitiveness
- Internationalisation of businesses

22. - In overall, how would you rate Lisbon Incubators Ecosystem? (1 - Not at all Important / 5 - Extremely Important)

- 1
- 2
- 3
- 4
- 5