



International Entrepreneurship Educators Programme – Economic Impact Potential

Report for National Council of Graduate
Entrepreneurship

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Most of what you hear about entrepreneurship is all wrong. It's not magic; it's not mysterious; and it has nothing to do with genes. It's a discipline and, like any discipline, it can be learned."

Peter F. Drucker

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1. Forward

1.1 Introduction

This short report has been developed to assist the National Council of Graduate Entrepreneurship (NCGE) better understand the potential longer term economic impacts of their International Entrepreneurship Educators Programme (IEEP). It seeks to contextualise the economic impact potential of entrepreneurship education and to provide a framework against which future performance can be measured and reported.

1.2 Wider Context

The link between entrepreneurship and education is not a new or trendy fashion but has been established in the UK for many years. The HE/FE sector, particularly those with related Business Schools, have been delivering entrepreneurship education for many years and other initiatives such as Young Enterprise or the STEP programme have provided an alternative and perhaps complimentary focus. The environment over much of the recent past was such that much of entrepreneurship education:

- focused on business start-up as the main benefit and manifestation of an entrepreneurial education;
- was inconsistent (in both quality and quantity terms) between individual HE/FE Institutions and across the different regions; and
- had no acknowledged common standards or approaches to the teaching of entrepreneurship.

Entrepreneurship education it seems owed much to the individual predilection of individuals and their respective organisations than to any strategic approach or rationale. At the same time it was becoming increasingly recognised¹ that entrepreneurship and enterprise skills in their wider sense, were crucial in a modern knowledge based economy – one that other competitor economies were already seriously addressing.

This then was the challenge facing NCGE in developing the IEPP – how to improve provide a more inclusive and consistent and approach that was able to improve the economic contribution of entrepreneurship education across the UK.

¹ cite references

1.3 IEEP Background

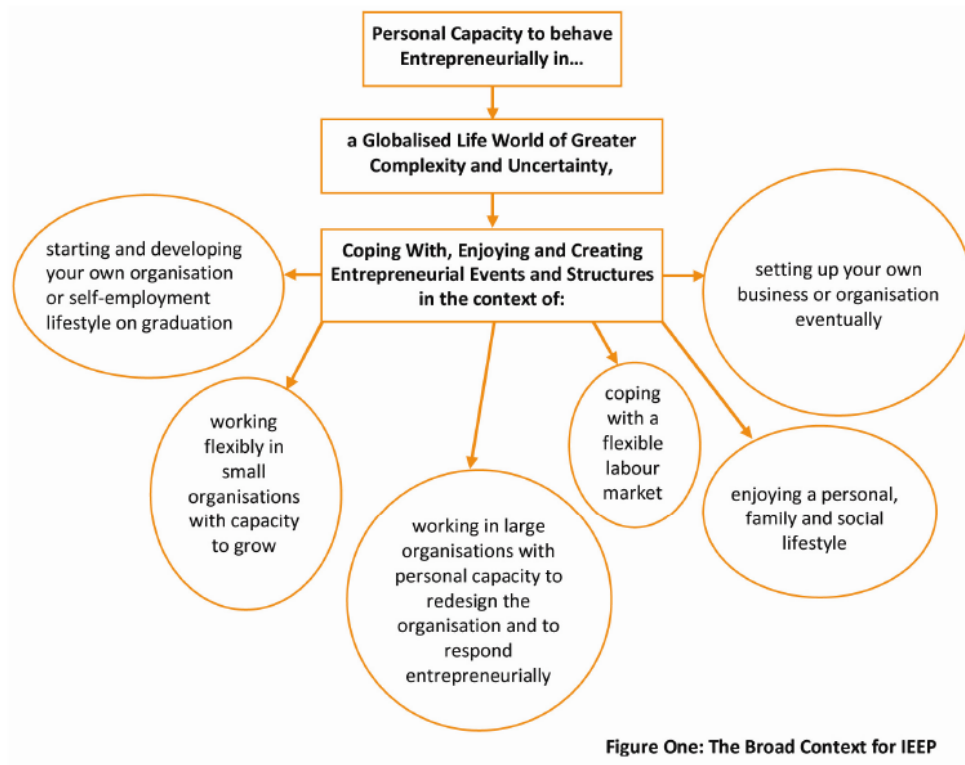
NCGE responded to this challenge through the development of the IEEP which came about as a result of the work undertaken by the NCGE which recognised that:

- there was a developing interest in entrepreneurship education as a result of a recognition that acting entrepreneurially was a key to responding to the global challenge of developing and growing a knowledge based economy;
- the entrepreneurship challenge (and opportunities) goes way beyond the traditional narrow definition of seeing it simply as a route to business start up (important as that is);
- the challenge is more about the UK producing graduates who are able to better respond to challenges and opportunities with the capacity to think, behave and act entrepreneurially;
- HE/FE were not always able and willing to fully embrace this new entrepreneurial challenge where there were recognised cultural barriers to be overcome;
- to be really successful and make a major difference there was a need to see entrepreneurship education brought into the mainstream and into all forms and types of courses.

Therefore, based on this background, the IEEP was developed to enhance and increase the skills and capacity of those who teach entrepreneurship in our HE/FE institutions.

The Programme has set itself an aim to *“create future leaders in the field of entrepreneurship education through building the professional capability of entrepreneurship educators operating within an education environment”*.

The broad concept of the Programme as set out by NCGE is highlighted in Figure 1 over.



1.4 IEEP Description

The IEEP comprises a series of six individual and related modules covering:

- Module 1 - Entrepreneurial Educational Challenges
- Module 2 - The Entrepreneurial Mindset
- Module 3 - Entrepreneurial Behaviour, Skill and Attribute Development
- Module 4 - Opportunity Identification and New Venture Development
- Module 5 - Making it happen with People and Organisations
- Module 6 - Bringing it all Together

All the modules are supported by review meetings, peer-to-peer mentoring, supportive group work, pledges and tasks. The overall focus of the programme was to equip participants with a mastery of the key elements of facilitating, teaching and organising entrepreneurial learning.

The programme identified nine masteries of entrepreneurship education which, together with the NCGE outcomes framework, underpinned the philosophy and approach of the programme. These were:

- Mastery of Pedagogy – ability to select from a wide range of pedagogies to maximise the capacity to meet key Entrepreneurship Outcomes.
- Mastery of Philosophy – ability to articulate the relevance of entrepreneurship education to broader educational goals and broader policy objectives.
- Mastery of Strategy – ability to assess the organisation change requirement and local stakeholder development potential and pursue appropriate strategies for embedding entrepreneurship education.
- Mastery of Operations – ability to apply strategy within the organization to move the Entrepreneurship Education agenda forward in practice.
- Mastery of Networks – ability to harness the potential of all related stakeholder networks.
- Mastery of Process – ability to organise knowledge appropriately around development problems and opportunities of entities that students might create or work in.
- Mastery of the State of the Game – awareness of key UK and international developments and support structures in the field.
- Mastery of Resource Acquisition- ability to identify and engage sources of funding and support in kind.
- Mastery of Personal Entrepreneurship – ability to demonstrate personal entrepreneurial behaviour – take risks – grasp opportunities - take initiatives etc. and be a role model.

To date one full programme has been completed and a second is due to complete later in 2010.

2. Reviewing Previous Evaluations/Reports

2.1 Introduction

Although the IEEP has only been running a short time, it has already been subject to a number of evaluation studies and reports.

This Chapter therefore provides a short review of the evaluations of the Programme and highlights some of the key issues which have been identified.

2.2 Evaluation Review

In presenting the review it is crucial to understand that the evaluations have **all** focused on understanding the immediate outputs from participation insofar as they have had an effect on the participating individuals. They have therefore focused on issues such as levels of satisfaction, personal learning, changes to behaviour.

The evaluations were never seen as economic impact evaluations and as such it is not surprising that this aspect has not been considered. This also reflects the fact that the Programme was never explicitly designed or sold as a tool for generating economic impacts.

The data and reports we have reviewed includes:

- IEEP report for BIS 2010;
- IEEP impact statement; BERR
- IEEP impact: reported by pilot participants
- impact evaluation of the IEEP: WM enterprises
- International Entrepreneurship Educators Programme (IEEP) 2007/08 Evaluation: Richardson Howarth.

The overall message from the evaluation is that the IEEP ran as a successful pilot programme addressing a gap in the market place and meeting the needs of a variety of participants involved in entrepreneurship education at both the FE and HE levels.

Overall, the kinds of benefits (impacts) that were reported are as follows:

- strategic benefits:
 - influenced strategy
 - helped develop stakeholder engagement
 - positive influence on culture
- individual benefits
 - new ways of teaching
 - skills development of participants
 - new ways of teaching/ new modules
- student engagement
 - new HE programme
 - new courses and modules
 - new events and ways of student engagement
 - 1,622 individual
- Programme review
 - high levels of satisfaction
 - filling gap in the market
 - lots of personal benefits
- future issues
 - general validation of objectives and approach
 - widen out – more needs done
 - various recommendations
 - recognition of need to monitor outputs.

Again it is appropriate to stress that the IEEP was not presented or evaluated as one that would deliver economic impacts – albeit that is the likely long term consequences of the Programme.

2.3 Current Monitoring and Reporting

Currently there is no formal metrics or approach used to monitor either immediate or longer term outcomes and impacts.

However, it is possible to use the reporting from the previous evaluations and reports to discern some measures of Programme effects:

- from the BIS report:
 - new courses developed 3
 - new events delivered 9
 - new ways of teaching developed 2

- from NCGE reporting:
 - Educators, in total: 55
 - HE/FE institutions engaged: 46
 - Total student population: 779,181
 - NCGE Fellows created: 23
 - Participants for IEEP 2009-2010: 31
 - External experts giving input and support: 19
 - Modules completed to date: 1
 - Module hours so far: 52
- from BERR Report (2009):
 - institutional strategy development 7
 - staff development workshops 12
 - new modules 36
 - new programmes 6
 - knowledge transfer 6
 - extra curricula 7
- from the WM Evaluation:
 - new modules engaging 1104 students
 - new programmes engaging 268 students
 - stakeholder/ networks 8 participants
 - skills development 10
 - influencing culture 5

In addition the WM report suggest the following as indicators to be monitored.

- Number of new colleagues from the institution of a fellow going on to the IEEP;
- Number of IEEP fellows who have gone on to undertake additional qualifications;
- Outputs as a result of collaboration with other IEEP fellows
- Level of funding/staffing for enterprise/entrepreneurship activity within each institution;
- Number of new linkages between colleges/universities;
- Number of enterprise events set-up;
- IEEP alumni – number of members;
- Changed roles/promotion/career progression/increased responsibility of fellows;

- Number of outputs in relation to collaboration with other IEEP fellows;
- Number of people/organizations added to IEEP fellow's networks;
- New modules and programmes written & delivered;
- Bids - not just bids for Government money, also bids for commercial purposes (3rd income)
- Numbers of students studying enterprise/entrepreneurship modules
- Measure the number of graduates who have entrepreneurship as part of their degree
- Levered funding
- Research articles published
- Community engagement – number of organisations/stakeholders

The above presents a complex and onerous set of tasks but in itself will not identify the likely levels of economic impact.

Finally, NCGE have a detailed Learning Outcomes Template as highlighted below.

- Key entrepreneurial behaviours, skills and attitudes have been developed
- Students clearly empathise with, understand and 'feel' the life-world of the entrepreneur
- Key entrepreneurial values have been inculcated
- Motivation towards a career in entrepreneurship has been built and students clearly understand the comparative benefits
- The students understand the process (stages) of going into business, the associated tasks and learning needs
- Students have the key generic competencies associated with entrepreneurship
- Students have a grasp of key business how-to's associated with the start up process
- Students understand the nature of the relationships they need to develop with key stakeholders and are familiarised with them.

2.4 Survey of Cohort 1 and 2

In order to provide some additional understanding, a short email survey was undertaken with the two cohorts of participants.

To date, eight responses have been received. These will be written up in more detail as an appendix to the report but at this stage we have presented the key responses:

- key objectives:
 - overall the IEEP is seen as about enhancing skills of educators
 - embedding culture into HE/FE
 - not really seen in economic impact terms but more tightly defined
 - impacts are seen as indirect
- main benefits:
 - definite benefits
 - seen as for individuals/ students/ organisations
 - limited beyond
 - influence organisations agenda (but only for some)
 - help influence stakeholders – also get more funding
- longer term impacts
 - not really considered but see potential
 - need to widen and deepen activity
 - big challenge is influencing culture in HE/FE
- measuring impact
 - very limited monitoring
 - no consistent approach
 - no common measures
 - seen as very desirable but difficult
- other comments:
 - all see benefits to students beyond study
 - all believe it should continue and be widened
 - definite gap – not duplicating but offering something new and valued

Interesting some identified the likely additional numbers of student they would engage with as a result of the Programme, although this was very tentative.

2.5 Conclusions

In terms of understanding the likely consequences of the IEEP in terms of economic impact the evaluations add little value to our understanding.

That is not seen as being critical of the previous research – the evaluations adopted the proper approach and reviewed against objectives (there were no targets).

Therefore while we can see that in a qualitative context the Programme has been a success, as far as that goes, it is the longer term effects which are of interest.

In particular, the lack of any robust metrics makes any conclusions more difficult to reference, although the consistent responses would seem to underscore the successful nature of the Programme.

The next Chapter considers in more detail the potential economic benefits which are likely to flow from the Programme and sets it in this wider context.

3. Understanding Economic Impacts

3.1 Introduction

This Chapter seeks to provide a short review of previous research which has tried to identify the longer term impacts of entrepreneurship education and considers the main conclusions.

3.2 The (Limited) Evidence Base

Overview

The evidence base suggests that there is a clear link between Entrepreneurship training and business start up but it is less clear the effect it has on wider business – that Entrepreneurial skills make an impact on business performance.

Based on the most recent Government survey² in 2007 around 19% of 16 to 24 year olds receive some form of training/ experience of enterprise in FE/HE.

Interestingly, this figure fell by around 5% from 2005 in contrast to a survey³ by the European Foundation for Entrepreneurship Research which highlights that around 60% of HEIs expected to see “substantial growth” in their entrepreneurship activities.

Many respondents commented that the heavy focus on the start-up phase may be overshadowing the more important trends in entrepreneurship in Europe such as:

- Culture, attitudes, skills;
- Growth phases of entrepreneurial firms;
- Difference between SMEs vs high growth companies; and
- Intrapreneurship within companies.

On average, around 80% of those who have received training have done so during their formal education.

² Household Survey of Entrepreneurship 2007

³ Entrepreneurship Education at European Universities and Business Schools: EFER 2006

This high proportion of formal training reveals the important role the formal education system plays in entrepreneurship training. In most countries, training at school is more prevalent than training at the tertiary level.

Across the 38 countries, entrepreneurs are more likely to have received training in starting a business (33%) than the rest of the working-age population (20%). This difference is statistically significant and suggests that current early-stage entrepreneurial activity is associated, at least to some

According to the World Economic Forum, Entrepreneurship has never been as important as it is today when the world is confronted with big challenges that extend well beyond the global economy. Entrepreneurship is a tremendous force that can have a big impact in growth, recovery, and societal progress by fuelling innovation, employment generation and social empowerment.

While it is clear that the world is in need of more entrepreneurial societies who can address more complex, interlinked and fast changing problems, greater awareness is needed about the critical role education has in developing the next wave of leaders, innovators and entrepreneurs who can not only create jobs and value for society, but also empower others to dream of a better future.

The WEF Global Education Initiative report argued that there is strong evidence that entrepreneurship can boost economic growth and, in turn, alleviate poverty. However, it did not identify studies specifically linking entrepreneurship education to economic growth (WEF, 2009).

- Graduates who have taken entrepreneurial courses are significantly more likely to select careers in entrepreneurship, which is defined as ever having founded, run, or been employed in a start-up or entrepreneurial team.
- Graduates who have taken entrepreneurial courses are more innovative, as quantified by the number of patented innovations, new production processes, and new services and products.

There is therefore a clear research base to support the contention that Entrepreneurship training is a “good thing” for the economy.

We now consider this in more detail.

Entrepreneurship Education and Business Start Up

- Undertaking some form of entrepreneurial training seems to increase entrepreneurial tendencies. The data¹ from recent research show that 32% of students were self selected as “thinkers or doers” as opposed to 26% of the population as a whole.
- The same research also shows that around 5% of students who would not otherwise have wanted to start a business undertook enterprise training/experience were encouraged to start a business by their experience (additional impact).
- Evidence from the Global Entrepreneurship Monitor survey on the proportion of the UK adult population involved in entrepreneurial activity shows that entrepreneurial activity is significantly higher amongst graduates than those with lower qualifications.
- Many governments in innovation-driven economies have since declared their commitment to entrepreneurship education, identifying it as a key priority (Kyro, 2006; Sorgman and Parkison, 2008).
- Analysis of the statistics on self-employment rates confirms that graduates are a key source of entrepreneurial activity in the UK, with the LFS showing that 3.3% of graduates (circa 7,000) go straight into self-employment (an increase of 50% over the previous 4 years);
- Other evidence from the Institute for Employment Studies suggests this figure may be as high as 25% in the longer term (compared with 9% of the workforce as a whole)
- Since Young Enterprise’s launch in 1963 over 1 million students have been supported. In 2008 Young Enterprise launched an alumni evaluation programme to track down its past students and find out what impact the Company Programme experience has had on their lives and concluded that Young Enterprise alumni are twice as likely to start their own business as their peers.
- A US study into entrepreneurship (Impact of Entrepreneurship Education: The Kauffman Center for Entrepreneurial Leadership) concluded that students undertaking entrepreneurship activities were around 25% more likely to be involved in a business start up than non participating students;

- Previous evaluations of a range of graduate Enterprise Programmes such as the Biotechnology Young Entrepreneurs Scheme (Yes) Review and have clearly shown the opportunity that exists to support further development of new enterprise from among the graduate population;
- The WEF Global Education Initiative report argued that there is strong evidence that entrepreneurship can boost economic growth and, in turn, alleviate poverty. However, it did not identify studies specifically linking entrepreneurship education to economic growth (WEF, 2009). It concludes that:
 - Graduates who have taken entrepreneurial courses are significantly more likely to select careers in entrepreneurship, which is defined as ever having founded, run, or been employed in a start-up or entrepreneurial team.
 - Graduates who have taken entrepreneurial courses are more innovative, as quantified by the number of patented innovations, new production processes, and new services and products.
- Higher education can support greater self-employment and can contribute to entrepreneurship and employability in general. It cannot guarantee the outcomes, although it can increase the chances of certain sorts of outcomes arising. Source: Entrepreneurship in Higher Education, especially in non-business studies - European Commission Enterprise and Industry Directorate-general 2008;

Entrepreneurship and employability

- While less well researched there is some evidence to support the benefits which Entrepreneurship training can bring to employability;
- The previously highlighted YE evaluation also highlights that:
 - Participation in the Young Enterprise Company Programme correlates with better future earnings. In particular in the 30+ age group alumni earn a third more than their peers.
 - YE alumni are more successful in their careers than their non-participating counterparts (even when taking into account family affluence).
 - Amongst business-owning, Young Enterprise was ranked as the most significant experience they drew upon when establishing and building their venture.
 - Overall, YE alumni felt that Young Enterprise contributed to their skill development more than anything else, including work experience, extra-curricular activities and school.

- Young Enterprise is not just about preparing pupils for business - it enables them to develop life skills such as teamwork, self motivation and decision-making, which then gives them lasting confidence in their abilities.
 - Young Enterprise was the activity that best prepared alumni for work.
- An Evaluation of the Skills Impact on the Smart Scheme identifies one of the key skills gaps reported by employers to be entrepreneurial skills in graduates;
- The Berger report (earlier) also highlights that:
 - Entrepreneurship education contributed to the growth of firms, especially smaller emerging firms. On average, emerging companies that were owned by or employed entrepreneurship graduates had greater than five times the sales and employment growth than those that employed non-entrepreneurship graduates
 - Larger firms paid entrepreneurship graduates significantly more than they paid non-entrepreneurship graduates. Controlling for individual factors, entrepreneurship graduates working for large firms earned approximately \$23,500 more per year than did other business school graduates.
 - Entrepreneurship graduates were significantly more apt to be involved in developing new products than non-entrepreneurship graduates.
 - Entrepreneurship graduates spent more time in R&D related activities, worked with products that had shorter life spans and were more often employed full-time in high-tech industries.
- A recent survey by the Russell Group universities highlights that “now more than ever, employers want graduates who are entrepreneurial, good at problem-solving, able to handle uncertainty, and who can work both independently and within a team. It is because Russell Group universities can deliver these essential skills that their graduates are held in such high esteem by employers in the UK and internationally”;

- The GEM APS survey assesses the proportion of working-age individuals in an economy that are in the process of starting a business (nascent entrepreneurs) or owners of new businesses (under 42 months old). This is the basic GEM measure of early-stage entrepreneurial activity (TEA). The data show that across the 38 countries, entrepreneurs are more likely to have received training in starting a business (33%) than the rest of the working-age population (20%). This difference is statistically significant and suggests that current early-stage entrepreneurial activity is associated, at least to some degree, with past training in starting a business.
- According to a survey by the Institute of Directors graduates' employability and entrepreneurial skills were more important to their organisation as an employer than the specific occupational, technical or academic knowledge/skills associated with the graduate's degree.
- The UK Government is keen for universities to produce graduates that have a range of entrepreneurial skills which can be used as a basis for establishing their own enterprises or to be innovative and be "agents of change" within existing businesses. This has led HEFCE to provide an innovation and enterprise culture strand of funding to Universities (and to encourage the embedding of innovation and entrepreneurship teaching within a range of existing Higher Education curricula).

3.3 Conclusions

The above was a brief overview of some of the available evidence and research which has considered the economic impacts of entrepreneurship training.

Overall what it suggests is that:

- graduates who have formal entrepreneurship training are more likely to start a business than those who have had no training;
- graduates who have formal entrepreneurship training are more likely to display entrepreneurial skills that can drive innovation and change in a business environment;
- entrepreneurship training offers a wide range of skills that are able to add value in a modern competitive global environment.

However, the lack of a real understanding about the impacts of entrepreneurship training is also highlighted.

As the report for the European Commission “Entrepreneurship Education in Europe: Fostering Entrepreneurial Mindsets through Education and Learning” concludes:

Developing a broader framework for assessing entrepreneurship education is necessary to capture a richer and more nuanced set of outcomes. Measuring intangible outcomes is difficult. However, applying only simple measures of the potentially wrong things can result in falling far short of the intended outcomes and impact. Even worse, anecdotal stories of “best” practices could lead to the replication of programmes that actually are not working, resulting in wasted time and money for little to no impact.

To measure effectively, better data is needed. While there have been many studies and research projects on entrepreneurship, to date, there has not been enough empirical research on entrepreneurship education itself and its impact. Longitudinal studies are not easy to design and implement, but they could provide better evidence of the impact of entrepreneurship education. Internationally comparable statistics and data collection are imperative as well.

4. Economic Impacts

4.1 Introduction

With a limited evidence base and little monitoring data it is not proved possible to provide any robust form of impact assessment and address the key research questions.

Instead the report has set out and populated a theoretical framework that will both help understand the likely consequences of entrepreneurship education and provide some guide as to its likely economic potential.

4.2 A Theoretical Model

An impact logic model is highlighted over and is built around a supporting theory of change which in turn is based on the available evidence.

It follows the approach favoured by BIS and shows how changes link together to produce a final impact. The model focuses on understanding the change aspects as it relates to students. A similar approach could be taken with other beneficiaries.

In summary it shows that:

- the overarching policy objective is for a new generation of entrepreneurial graduates who will deliver new economic impacts;
- it highlights an external environment which includes:
 - a strategic rationale based around clear market failures
 - a clear policy priority
 - engaging with a number of partner organisations
 - qualifying support from a range of stakeholders
- inputs required form a number of sources to fund a range of activities – this is used to “buy” a range of activities;
- activity measures relating to entrepreneurship education – those participating in EEP do things;
- these activities will result in a range of direct outputs for the individual participant, the students, the HE/FE organisation such as:
 - Participant (increase in skills knowledge)
 - Student (courses undertaken)
 - Organisation (increase in business links)

- the outputs of more entrepreneurial graduates will result in a number of outcomes in terms of the graduates being:
 - more productive/innovative/higher paid employees
 - more likely to start a business
 - better able to get a job
- this in turn will result in a range of impacts including:
 - a higher value business base
 - an increase UK productive capacity
 - an increase in UK innovative capacity
 - an increase in GVA/output.
- finally, it is likely there will be a range of indirect benefits or strategic added value as a result of the Programme
 - HEI as improved image for graduates getting good jobs and gets more/better applications
 - wider and more meaningful stakeholder engagement

The above therefore sets out a theoretical model to understand how and why the IEEP can result in a range of final impacts. The main challenge is to populate this model with real data in order to understand its actual potential impacts.

Entrepreneurship Education Logic Model

IEEP Programme

Enhanced capability of entrepreneurship educators

Final Impacts

Overarching objective

A new generation of entrepreneurial graduates

Ultimate Effect

Higher value business base
 Increase UK productive capacity
 Increase in UK innovative capacity
 Increase in GVA

Output Measures

Participant related measures

Student related measures

Organisational related measures

Activity Measures

Entrepreneurship Educators Programme

- Events
- Modules
- Courses etc

Input Measures

Funders

NCGE
 HE Sector
 BIS
 RDA
 Private

External Environment

Qualifying Support

HE Management
 Sponsors (BIS/RDA etc)
 HE staff
 Students
 Student groups/ peer groups etc
 Employers
 Employer groups etc

Stakeholder Support

Govt
 Regional Dev Agencies
 Local Authorities
 Skills Agencies
 Banks
 Advisory services
 other support

Strategic Rationale

Market failure
 Govt Policy
 Market conditions
 Strategic objectives

Indirect Benefits/SAV

Increased demand for HE places
 Graduate demand increases
 HE has improved image
 More employer engagement

As Employees
 As Entrepreneurs
 As Employable

More productive/innovative employees
 More business start activity
 Better able to get a job

Higher value jobs
 Increased business density
 Increased employment rates

Outcome Measures



4.3 An Initial Assessment

Although as highlighted above, there is no evidence with which to populate an impact assessment we have set out below a possible model of how it might look.

It is based on a range of assumptions which are highlighted and relevant experience of undertaking impact assessment work.

- it is based on a new IEE Programme which has 20 participants all of whom complete the course at a total costs of £100,000 or £5,000 per participant;
- based on some of the numbers provided earlier, we have assumed that each participant will engage with an additional 100 graduates who will receive entrepreneurial training in their degree course;
- this will result in 2,000 more entrepreneurial graduates who will enter the world of work;
- we now consider the economic benefits from two aspects:
- business start up and employment:
 - if we assume that only 1% more of these graduates start a business this will result in 20 new businesses (this figure is considered conservative given the evidence presented earlier). Of these businesses some will have started anyway without support (deadweight) and some will have received support from others (attribution);
 - we have assumed a 50% co-efficient for each factor resulting in a net impact of 5 net new businesses;
 - we have assumed that the business employ the founder and one other (comparable with Business Link evaluation). On this basis the Programme will generate 10 net new jobs;
 - on the basis of average national GVA of £43,000 per person this will result in £430,000 of net GVA. Finally given a persistence factor of 3 (as per BIS Guidance) this will result in a Net Present Value (NPV) of £1.29 million;
- increase in business output or efficiency:
 - based on the evidence presented we assume that some of the graduates will be more effective and efficient as employees and able to command higher salaries or generate higher outputs

- while there is no evidence to suggest an actual number, we have assumed that on average half of the graduates are able to generate an additional £1,000 per annum, resulting in a gross effect of £1 million;
 - again applying the co-efficients as set out above this suggests an NPV of £750,000
-
- the above suggests a total NPV of around £2 million and based on an input of £100,000 results in a Return on Investment of 20: 1 – which is above the national benchmark for enterprise projects of 14: 1.
 - Therefore on this basis, for every £1 spent by IEEP it generates £20 for the national economy – which represents good value for money.

The above figures MUST be considered with due care – they involve some heroic assumptions with limited evidence. However, they do not seem unreasonable and it could be argued might be conservative.

However, as a starting point for future Programmes they make a useful introduction and assist with target setting.

The above is therefore presented for discussion and as a starting point to consider how best to measure economic impact in the future.

What the research has shown is that there will be a need to develop and agree an appropriate monitoring and evaluation framework that is able to capture the full and wider benefits of the intervention.