



# The Future of Entrepreneurship: Policy and Practice Conference

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## PANEL SESSION

# EVALUATION OF ENTREPRENEURSHIP POLICIES

Dr. Jonathan Potter  
Head of Entrepreneurship Policy and Analysis Unit  
Centre for Entrepreneurship, SMEs, Regions and Cities, OECD  
E-mail: [jonathan.potter@oecd.org](mailto:jonathan.potter@oecd.org)



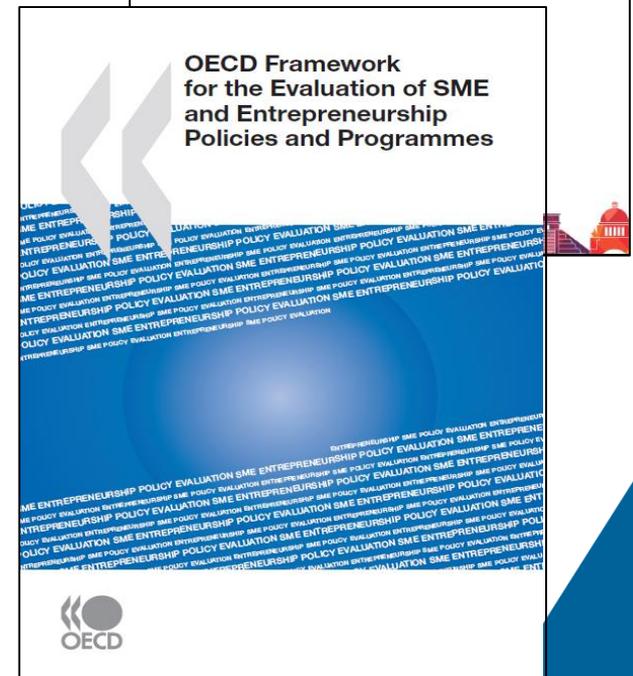
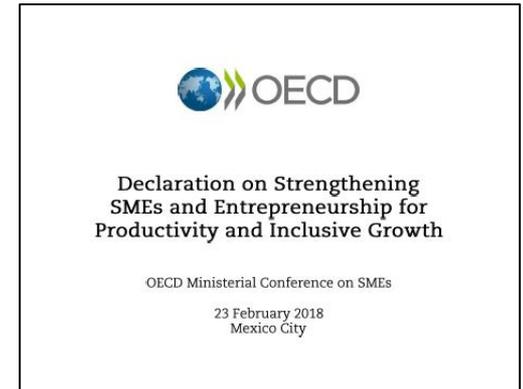
# OECD is active in promoting evaluation

## OECD Mexico City SME and Entrepreneurship Ministerial Declaration 2018

We will endeavour to pursue efforts in “continuing the development, implementation and evaluation of effective policies for SMEs”

## OECD Working Party on SMEs and Entrepreneurship

Committed to update the OECD 2007 Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes





# What is good entrepreneurship policy?

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## The fundamentals

- Addresses clear problems – market failure, equality of opportunity, or government failure
  - ... and the theory of change is thought through
- Benefits are achieved in a cost-efficient manner
  - ... and better than alternatives
- The package is reinforcing, and key ‘ecosystem bottlenecks’ are addressed
- The policy evolves with changing conditions



# Does entrepreneurship policy work (or when does it work)?

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- Reasons to think it may not always work (Shane, Acs et al)
  - Failure rate; displacement rate; lack of innovation

## Results may vary by broad type of action

- ‘Hard’ programmes (financial assistance)
- ‘Soft’ programmes (business advice, training, mentoring)
- Framework conditions – tax, education, immigration etc.

## Results may vary by broad target of approach

- Start-up approach (increase no. of starts)
- Growth approach (ambitious/innovative firms)
- Social inclusion approach (employment outcomes)



# The role of evaluation

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- Validates whether policy is effective, efficient and appropriate
- Gives a basis for decisions on whether to introduce, continue, scale-up, scale-down or modify instruments
- Helps optimise expenditure across the policy portfolio
- Identifies implementation problems and successes . . . and continuous learning



# Common problems in entrepreneurship policy evaluation

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- Policies often not evaluated, or not robust (failure to capture counterfactual)
- Programme objectives often not clearly set out (against which evaluation can measure)
- Results often not compared systematically across the policy portfolio
- Data needs often not foreseen (including baseline, rejected applicants etc.)
- A budget and evaluation plan often not established
- Possible positive reporting bias
- Results not fed into policy making process



# The Six Steps to Heaven – OECD 2007 Framework

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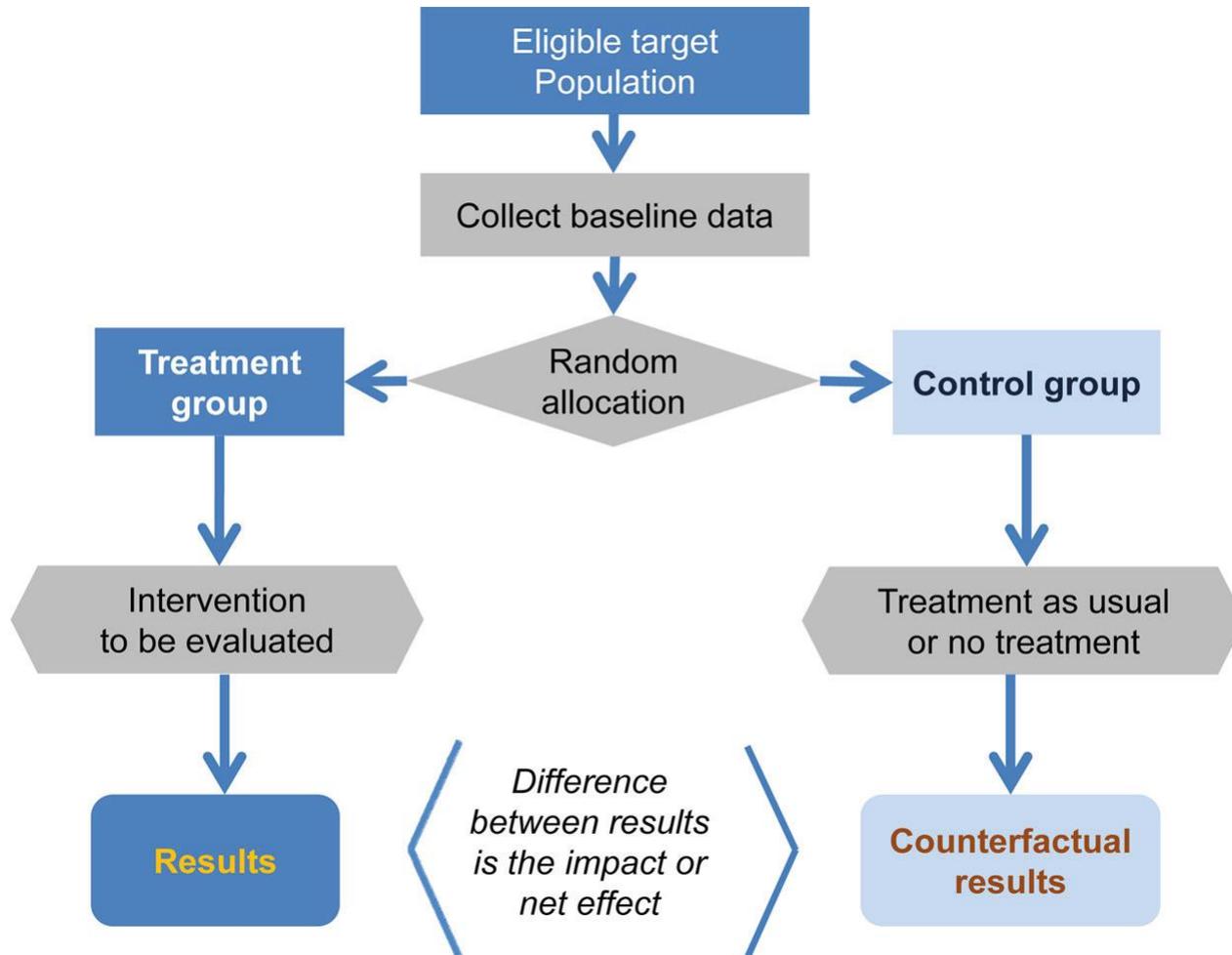
Increasing reliability of results at higher steps – but few Step VI available in area of entrepreneurship policy

I	Take up of schemes
II	Recipients' opinions
III	Recipients' views of difference made
IV	Comparison with Typical firms
V	Comparison with Match firms
VI	Statistical adjustment for selection bias

Source: OECD Framework for Evaluation of SME and Entrepreneurship Policies and Programmes (2007)



# Randomised Control Trial (an alternative Step VI)





# Difficult issues for entrepreneurship policy evaluation

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- Should governments spend as much as they do on entrepreneurship policies?
- What should be the target of entrepreneurship policy – e.g. does soft support (training and advice) work; does support for the sole self-employed work?
- Should we encourage and accept qualitative evaluation?
- How do we assess packages holistically?
- What if the key influences on entrepreneurship are not in the remit of industry ministries?



- Academics have a key role to play in advancing this agenda!

Thank you

Contact: [jonathan.potter@oecd.org](mailto:jonathan.potter@oecd.org)