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The Next 15 Million: Entrepreneurship Training At Scale – New Data On The Global Outreach Of ILO’s Entrepreneurship Training

1. Key Findings

- Global outreach of the ILO’s entrepreneurship training program Start and Improve Your Business (SIYB) more than doubled over the past 5 years. While the first global tracer study on SIYB showed that the program had 4.5 million participants from 2003 to 2010, the recent second edition of the study documents that more than 10 million people participated in the program from 2011 to 2015. With this outreach SIYB holds its position as the most popular entrepreneurship training program.
- The strong increase in participation goes along with a higher contribution to job creation. While SIYB contributed to the creation of 0.5 million new businesses and 2.7 million new jobs in the period 2003 to 2010 the program counted 2.1 million new businesses and 6.3 million new jobs for the years between 2011 and 2015. Both tracer studies show that most of the new jobs are created in newly established enterprises rather than in already existing firms. An important qualitative achievement is that the new businesses were not only created in traditional sectors but also in new industries like e-commerce or green technologies.
- The data do not provide evidence about the quality of jobs as for example level of earnings or social protection. Future studies need to cover this dimension.
- SIYB training is no longer only offered by long-established providers of Business Development Services (BDS) such as public agencies, NGOs, or business associations, but also by financial institutions or vocational training centres.
- Charging a fee to participants is confirmed as a good practice that helps to achieve sustainability of the training offer and to attract committed and interested participants.

What Works in SME Development

The What Works in SME Development Series is presenting key findings of interventions promoting small and medium enterprises as a means to create more and better jobs. It covers ILO programs as well as interventions of other agencies using ILO products.

The main objective of the new Series is to increase the take up of effective SME programs by leading actors in this field. The issue briefs target ILO constituents, other policy makers, development practitioners, and the private sector presenting key evidence at a glance. Preference is given to rigorous quantitative research, but the Series also covers other research approaches contributing to more evidence on what works and what does not work.

The What Works Series is coordinated by the SME Unit of the International Labour Organization, for more info see www.ilo.org/sme



2. The challenge

Whenever there are limited formal employment opportunities, entrepreneurship development is seen as an important option to secure people's livelihoods and to generate income and jobs. There is a multitude of programs assisting self-employed as well as potential and existing entrepreneurs to expand their businesses. Entrepreneurship training is one of the most common forms of support. It refers to all types of training which teach the skills to start a new enterprise or to improve the core management and administrative functions of existing enterprises. Based on their newly acquired skills, beneficiaries of the training are expected to improve the performance of their enterprises leading to an increased demand for labour and additional income and employment generation.

The key challenges of entrepreneurship training interventions are how to scale them up, how to make them sustainable, and to present more evidence on whether they work.



Chinese TV Series «My Future is not a Dream» on the success of a start up based on SIYB training

3. The Program and Evaluation Design

The ILO has been offering its SIYB training package since the 1980s. This program takes a decentralized three-tier approach in rolling out entrepreneurship training. Licensed master trainers train and certify local SIYB trainers that train small entrepreneurs on how to start and improve their businesses. The program relies on a network of more than 300

certified master trainers, 65,000 local trainers, and 3,000 partner organizations working in more than 100 countries. The SIYB training package is composed of a set of inter-related curricula for different target groups ranging from a first orientation for potential self-employed or entrepreneurs to in-depth training for existing enterprises (for more see www.ilo.org/siyb).

In order to get estimates for the outreach of SIYB the ILO commissioned two global tracer studies in 2010 and 2016 tracking the success of SIYB participants and measuring their performance before and after the training intervention. Baseline information were collected whenever people registered and were accepted to training workshops. Follow-up surveys were only run in a limited number of countries for a subset of beneficiaries at different intervals ranging from 9 months after the training to 1.5 years after the intervention.

The use of tracer studies is not new. The tool was first developed by educational institutions to trace the success of their graduates. The limitations of tracer studies in comparison to rigorous impact assessments based on experiments are well known and documented. The key issue may be that not all observed changes of a tracer study can be attributed to the intervention due to externalities. However, as it was deemed impossible to conduct a rigorous impact assessment of SIYB at global level, a tracer study was selected as the best possibility to collect data on the global outreach and estimated impact of SIYB.

The 2016 SIYB Global Tracer Study collected data for the period between 2011 and 2015 for 52 countries covering 50% of the countries in which SIYB is active. Data were collected from different sources. The ILO recruited master trainers to collect and aggregate available data from their respective regions. For some countries, data were collected from the ILO country offices that had recently conducted SIYB impact assessments. Another source of information was the newly established SIYB Gateway, a web-based monitoring and evaluation platform with access for all levels of trainers to report on trainings conducted by them.

The tracer study collected the following key data: Gender disaggregated number of trainings of master trainers, local trainers, and entrepreneurs; number of local organizations providing SIYB training, type of local organization (public, private, or any other profile), types of services being provided by



these organizations in combination with SIYB core training (i.e. access to finance, vocational training); business start-up, job creation, and survival rates for participants that did not yet have an enterprise; job creation for existing enterprises participating in SIYB trainings; cost structure of the SIYB trainings. The overall data collection and verification period lasted more than eight months.

The data processing with regard to outreach as well as business and job creation was done as follows. The total number of SIYB participants was calculated as the number of persons attending all courses offered. If one person booked several courses he or she was counted several times. With regard to new businesses created only the Chinese provinces of Henan and Jiang Su were in a position to report these data for the case of China. Similarly, only 21 countries out of the 52 countries covered by the study could report data on business creation of SIYB participants. In order to come to an estimation of global business creation rates (percentage of participants not yet being in business that start an own enterprise after having attended SIYB) the rates of the two Chinese provinces and the rates of the 21 countries were taken to calculate an average global business creation rate of SIYB courses. The limitation of this approach is that it is only a rough estimate and not fully representative. With regard to job creation estimates the procedure was the same. Based on data collected from China and 21 other countries a global job creation rate (jobs created per participating start up and existing enterprise) was calculated.

4. What We Found

Outreach

Global outreach of the ILO's entrepreneurship training program Start and Improve Your Business (SIYB) more than doubled over the past 5 years. While the first global tracer study on SIYB showed that the program had 4.5 million participants from

2003 to 2010, the recent second edition of the study documents that 10.5 million people participated in the program from 2011 to 2015. 50% of these participants were women.

The vast majority of the 10.5 million SIYB trainees comes from China. The outreach in China has more than doubled in the five past years from 4.1 million to 10 million SIYB trainees. In the rest of the world, the outreach was 0.5 million people: 36% in Middle East and North Africa (MENA), 33% in Sub-Saharan Africa, 26% in South, East Asia and Pacific, 4% in Latin America, and less than 1% in Central Asia and Eastern Europe.

New businesses

Out of the 10.5 million participants in the program, 9.4 million were not yet in business at the time of the training. In China, 90% (9 million people) of the participants did not have an enterprise before SIYB workshops contrasting with 77% (0.4 million) in the rest of the countries. Globally, almost one out of four participants who were not yet in business started a new business after having gone through the SIYB course. However, there are big differences between China (22%) and the other countries (43%). The possible reason for the lower rate in China is that SIYB is obligatory part of retraining programs for unemployed before receiving any benefits. Another large target group in China are college graduates who might have a preference for wage employment or further education. Both target groups might have lower entrepreneurial intentions than other groups of SIYB participants.

New jobs

SIYB contributed to the creation of 6.3 million jobs. The vast majority of these jobs (5.9 million) was created by new enterprises that were created after the SIYB courses including the owners of newly established firms (2.2 million) as well as any new workers hired by them (3.7 million). It means that

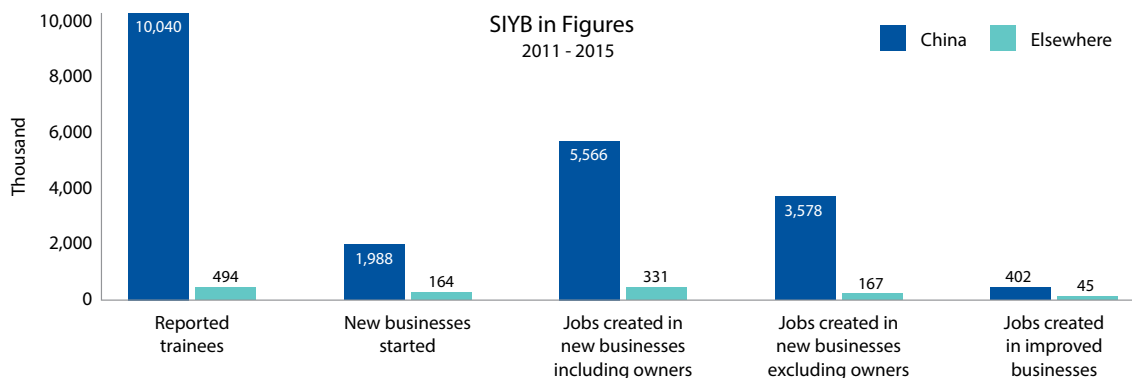


Figure 1 Headline figures of SIYB worldwide implementation from 2011 - 2015



each newly established business created on average 2.7 jobs. However, due to high mortality rates among start-ups (usually around two thirds of new small enterprises survive after the first three years) these results might overstate the job creation effect. This is very similar to the result of the first tracer study which found out that each newly established firm created on average three new jobs. In addition, 0.4 million jobs were created by already existing enterprises that participated in the training. These already existing firms created on average one additional job. The key finding is that most of the new jobs are created in newly established enterprises rather than in already existing firms.

Cost structure or SIYB trainings

There is vast agreement that charging fees to participants is a must in order to ensure motivation and commitment of participants and to make sure that running training courses will also work after the ILO has withdrawn. In general participants' fees cover 30 to 50 % of the training cost. However, this percentage varies a lot depending on the target

groups. Unemployed or other vulnerable groups might get highly subsidized rates. There is also a broad agreement that subsidies from others (governments, other donors, corporations) should be allowed and are also a common practice in industrialized countries. A preference should be given to indirect subsidies, e.g. developing training materials or capacity development of training providers.

Implementation trends

The high outreach of SIYB depends largely on partnerships with local organizations delivering the trainings. The key reason of success for further increasing the outreach in the past years has been a strong diversification of local intermediaries. While the ILO used to rely on traditional BDS providers in the past (e.g. public SME agencies, NGOs), the organization is now also working through financial intermediaries or vocational training organizations. The biggest scale has been realized through embedding SIYB in public education and public employment programs (China). Table 1 provides examples for the successful diversification.

Implementation trend	Country	Case	Results
SIYB in finance institutions	Rwanda	In 2015 the ILO supported the Business Development Fund to develop the capacity of their 40 officers in SIYB	<ul style="list-style-type: none"> • 500 young women and men trained • Approval of comprehensive and structured business plans • Decrease of the rejection rates of loan applications
SIYB in vocational training centres	China	Since 2011 Nanjing Municipal Vocational Training Centre is providing a broad range of skills training through its 33 public training agencies across the province	<ul style="list-style-type: none"> • Delivering of 800 GYB trainings, 2,205 SYB and 73 IYB training workshops to 160,000 participants • Creation of 64,000 new businesses • Generation of more than 200,000 jobs
SIYB as Corporate Social Responsibility (CSR) tool	Kenya	In 2012 ILO's Youth Entrepreneurship Facility partnered with the CSR arm of the Equity Bank, Equity Group Foundation to support existing young entrepreneurs	<ul style="list-style-type: none"> • Over 11,000 entrepreneurs trained • Access to finance from formal banks increased from 23% to 73% after IYB intervention • 1.3 jobs generated in each enterprise supported • 14,000 new jobs created in three years
SIYB in business management schools and education institutions	Myanmar	In 2014 ILO's Entrepreneurship and MSME Support Programme started. Due to a lack of BDSs providers, SIYB focused on education institutions (AAT Business Park) and business management schools (Ever Up Human Resources Institute)	<ul style="list-style-type: none"> • Institutions benefiting from high quality SIYB materials and training techniques • SIYB programme gaining quick access to large numbers of trainees • Over 650 entrepreneurs trained by the two institutions in less than half a year
Remote SIYB in conflict countries	Yemen	In 2013 and 2014 due to the prevailing security conditions, which restricted travel in the country, some trainings of an SIYB adaptation, My First Business, had to be conducted remotely	<ul style="list-style-type: none"> • Remote Trainer selection process • Two trainings of 50 Yemeni Trainers conducted • More than 500 youths trained (43% women) • Around 40% of trainees started their businesses generating 306 jobs

Table 1. SIYB Implementation Trends





5. Policy Recommendations

Aim for impact: Like any other training, entrepreneurship training should not be an end in itself. What matters are the changes that result from the training in terms of jobs, income, and living standards. The tracer study as well as more rigorous impact assessments of SIYB show that entrepreneurship training can have substantial impact. Any larger program should include a solid monitoring and evaluation component in order to increase the evidence on what works and what does not work.

Respond to demand: When introducing a training package like the ILO's SIYB it is of key importance to start with a market assessment of the supply and demand for this type of trainings. This will help to ensure that the intervention meets a real need.

Keep up technical quality: Regularly revising training material and monitoring the quality of trainers is key for maintaining high quality standards and creating a good reputation.

Reach scale through embedding interventions in local structures: Scale can best be reached through local delivery and embedding entrepreneurship trainings in local structures such as local labour offices, business associations, NGOs, financial intermediaries, or vocational training centers.

Strengthen sustainability through charging fees: Training programs should charge a fee to participants as it helps to achieve sustainability of the training offer and to attract committed and interested participants.

Go for package approaches: Programs like SIYB are often delivered as stand-alone interventions. Combining training with access to finance tends to produce better results than stand-alone interventions. Other packages, e.g. training and mentoring, should also be tested in order to learn more about their effectiveness.

Support women entrepreneurs: The tracer study shows that globally half of all SIYB participants are women, but there are still large regional disparities. Recent evaluations show that specific offers tailored to the needs of women entrepreneurs have significant impact on their incomes and well-being.

● SIYB currently active ● SIYB introduced





6. Further Readings

Susanne van Lieshout and Pranati Mehtha (2017), Start and Improve Your Business - Global Tracer Study 2011 – 2015.

Eva Majurin (2014), Start and Improve Your Business Implementation Guide.

Susanne van Lieshout, Merten Sievers, Mirza Aliyey (2012), Start and Improve Your Business - Global Tracer Study 2011.

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Note on Methodology: The methodology applied for this research was a tracer study tracking the performance of beneficiaries before and after the intervention. The main limitation of tracer studies is that observed results cannot be entirely attributed to the intervention as there is no counterfactual answering the question what would have happened without the intervention. **Based on this design results are of limited reliability, but give an indication of the potential impact. More precise data in the impact of SIYB are available from several rigorous impact assessments listed below. However, these findings cannot be generalized for other contexts or countries.**

Type of intervention	Statistically significant effects on ¹ :		
	Business practices	Income	Employment
Tanzania (2016): combining SIYB training with Kaizen methodology and on-site training	+	+ (50%)	Not measured
Vietnam (2015): combining SIYB training with Kaizen methodology and on-site training	+	+	Not measured
Uganda (2012): combining SIYB program with loans or grants	+	+ (54%)	+ (45 - 66%)
Philippines (2010): training for clients of a local microfinance institution based on SIYB program	+	+	0
Sri Lanka (2009): combining SIYB program with grants for existing and potential women-owned micro-enterprises	+	+	0
Ghana (2007): management training for existing SMEs based on SIYB program	+	+	Not measured

¹ "+" refers to a statistically significant positive effect. "0" means that no effect could be found; there were no cases of a significant negative effect.

Photos: Miriam Christensen

