

Adapting evaluation designs in a long-term study: a case of enterprise support in the UK

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Coverage

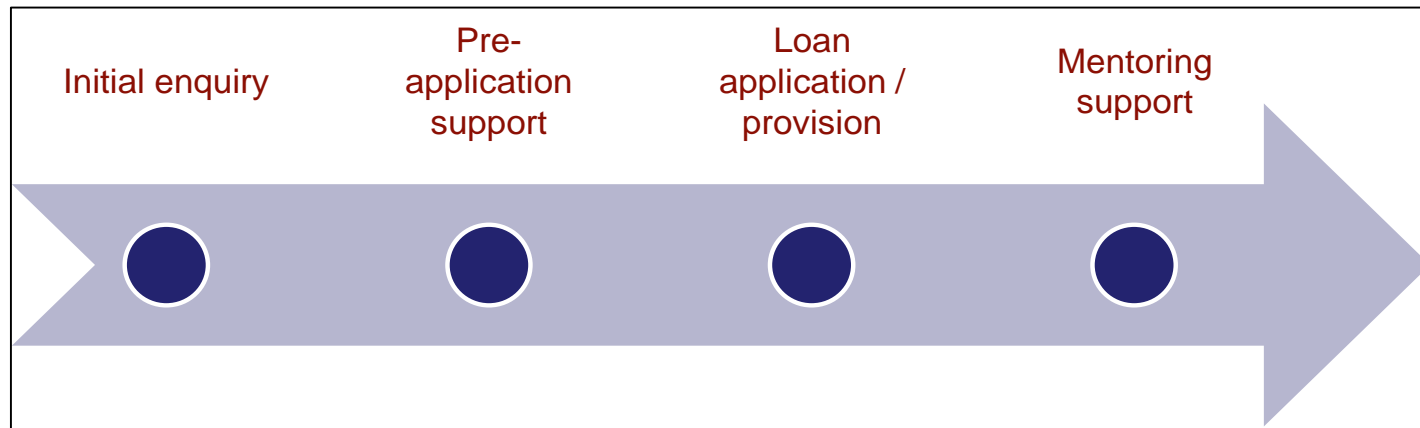
- Introduction to Start-Up Loans
- Evaluation objectives and original design
- Early findings in Years 1-2 of the study
- The evolving nature of the evaluation & programme ...
- ... and our response
- Overall lessons and reflections

Introduction to Start-Up Loans (1)

- British Business Bank is a government-owned development bank
 - Aims to make finance work better for small businesses whether to STARTUP, SCALEUP or STAY AHEAD
- Start-Up Loans launched in 2012 to provide finance for individuals starting a business
- Delivered by a network of partners across the UK
 - Consistent broad model...
 - ... with significant variation in scale & approach
- 60,000+ loans awarded, with avge value of £7.5k

Introduction to Start-Up Loans (2)

- Consistent overall model ... but detail has varied

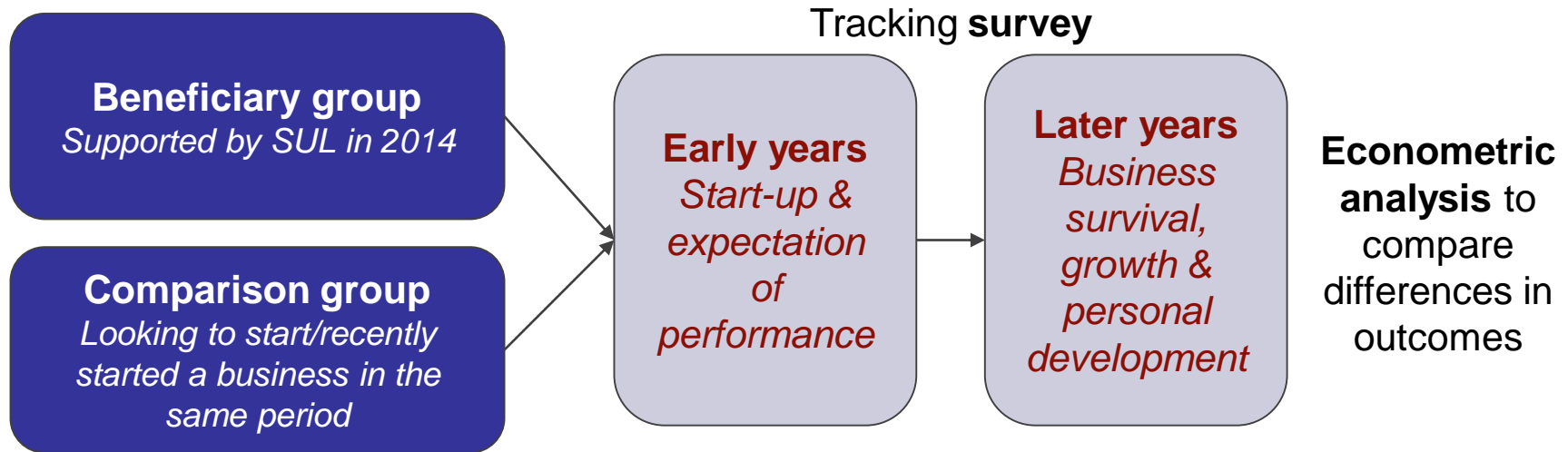


Evaluation objectives and original design (1)

- Anticipated four year study 2014/15-2017/18
- Two core objectives
 - **Does it work** in delivering business start-up/growth/survival, & individual employment/longer-term capacities?
 - And is it **value for money**?
- Three supplementary objectives to assess the:
 - **Value of pre-application support & mentoring**
 - **Characteristics of those benefiting most**, e.g. individual (age, quals), business (e.g. sector), and support (e.g. loan size)
 - **Links between business performance & loan repayment**

Evaluation objectives and original design (2)

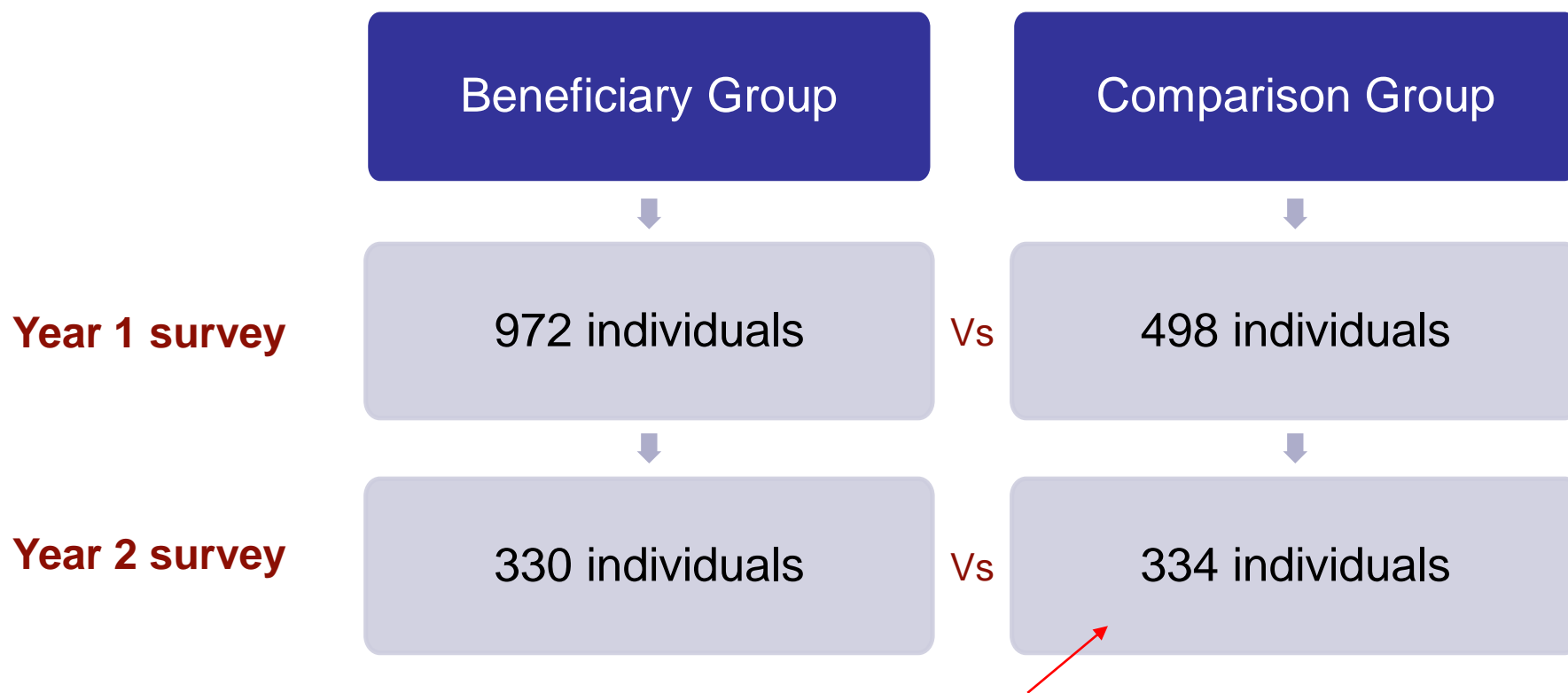
- Scoping study considered potential methods in 2013
- Quasi-experimental design recommended



- ... complemented by ‘self-reported’ evidence and qualitative research

Early findings (1)

- Survey evidence base for analysis in Yrs 1 & 2



'Topped-up' via additional screening surveys to identify further leads

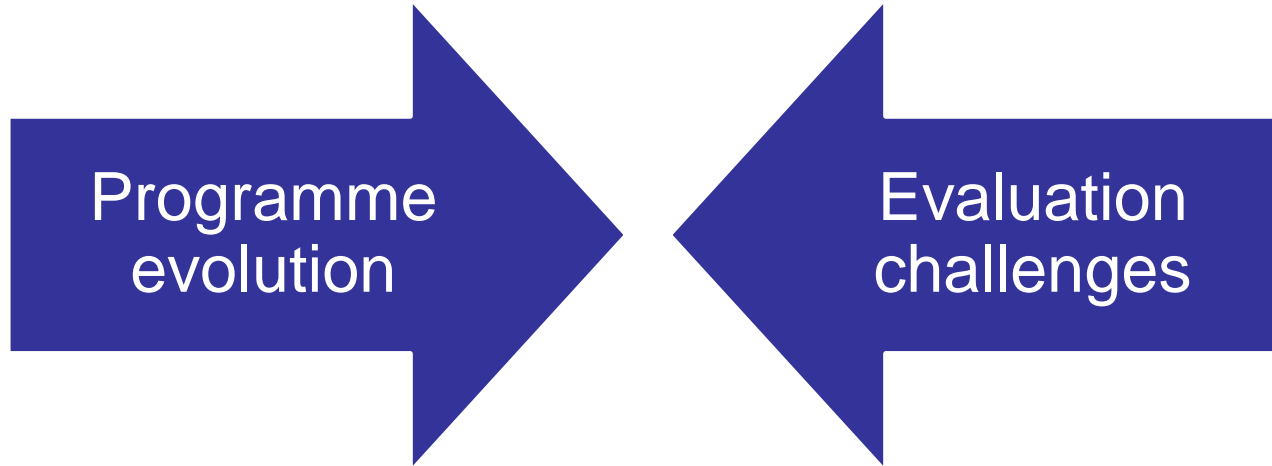
Early findings (2)

- Core performance outcomes
 - SUL associated with a **significant and positive effect on the start-up rate** for beneficiaries vs comparison group
 - No significant effect on **survival rate** for those started ... high for each group at around 90%
 - Businesses started by **beneficiaries more likely to report an increase in sales and/or employment from Y1>Y2**
 - > In binary terms; *no significant effect* on scale of growth
- Value for Money (based on self-reported data)
 - Estimated to be positive, with a main case **Benefit Cost Ratio of 3:1**

Early findings (3)

- Wider outcomes
 - No evidence of a link between SUL and business confidence, business skills or personal confidence
 - **The relationship between mentoring and performance tricky to disentangle**
 - > Link between mentoring and outcomes hard to find in the econometric analysis
 - > But beneficiaries reported perceived benefits

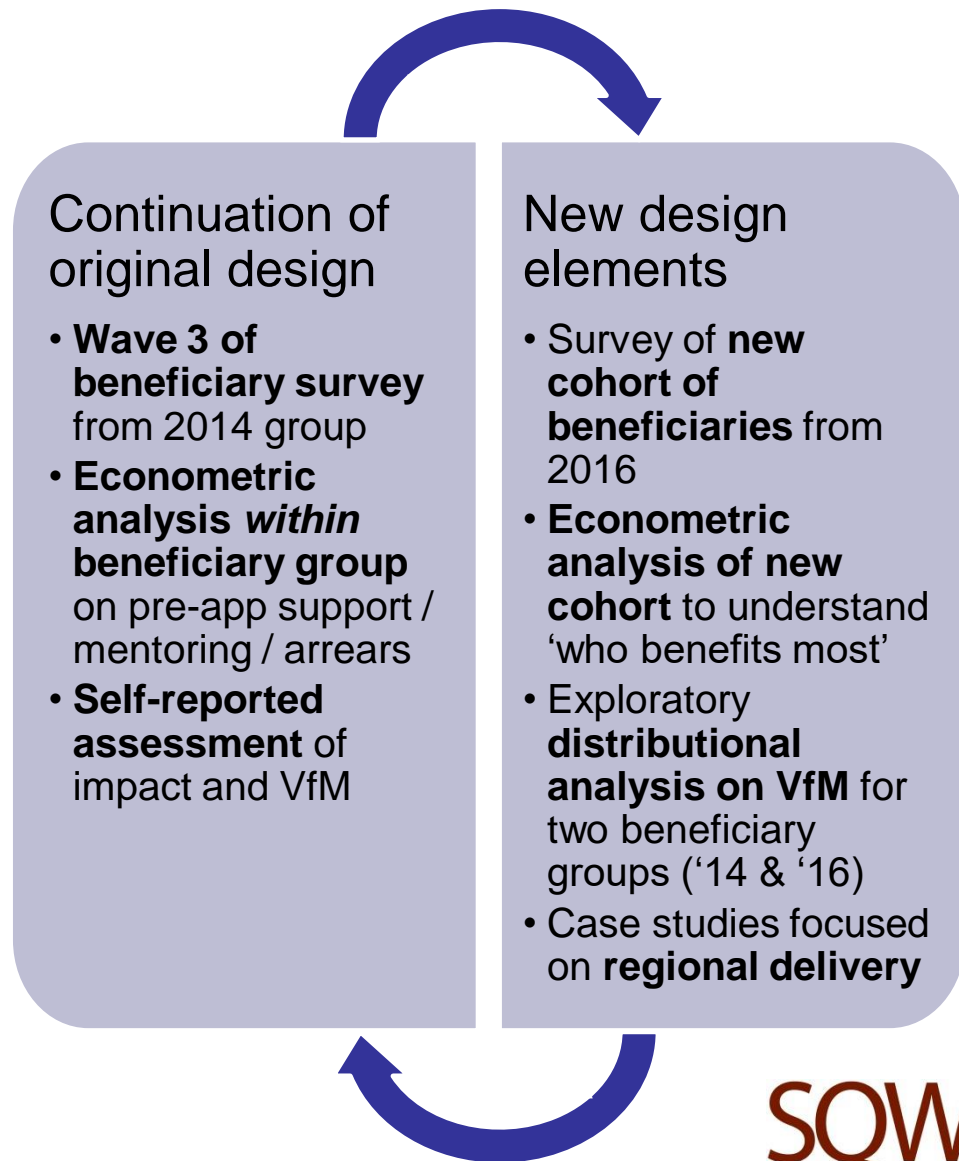
The evolving nature of the evaluation context



- **Change in the characteristics of beneficiaries** towards individuals that were older, more likely to be in employment and securing larger loans
 - **Changes in delivery** with fewer but 'better' DPs delivering loans at both volume and quality
 - **Changes in the policy landscape**, with increasing interest in regional delivery, and distributional effects
- **Third wave of the comparison survey would have been very small**
...
 - ... With **limited prospect of econometric analysis providing significant findings** between the beneficiary and comparison groups

... and our response (1)

- Y3 agreed as final year of evaluation
- New research methods introduced to address policy questions – both quant and qual
- Consistent approach to assessment of VfM to ensure consistency to Y1/2



Key findings from Year 3

- Evidence of improvement in VfM for later cohort
- Analysis of cohort characteristics and distribution of impacts highlighted trade-offs
 - Higher value loans vs targeting the more disadvantaged
- Evidence on 'who benefits most' varied across different types of outcomes
 - 'No previous business experience' and being 'unemployed prior to SUL' associated with more personal development outcomes
 - 'Multiple business owners' associated with greater business outcomes

Overall lessons and reflections

- *Perfect is the enemy of the good*: don't wait for the flawless plan; generate meaningful results through mixed methods and adaptation
- The longitudinal aspect enabled us to learn as we went
 - E.g. assumption on optimism bias was validated
- Could we have better anticipated the pitfalls?
 - Recognise proportionality in evaluation when survey-based
- Need for evaluation to reflect reality and changes in the policy landscape to inform decision-making in practice
 - Findings have informed product development
 - Year 3 highlighted policy choices relating to the target groups