

## What do we know about the effectiveness of interventions to support entrepreneurship and self-employment?

Self-employment and entrepreneurship may be desirable for some workers, allowing individuals to focus on an area of sincere interest or to have the flexibility to “be their own bosses.” However, many may not have access to the business expertise (such as knowledge of how to develop a business plan or marketing) or financial resources to move forward with such plans (Benus et al., 2008). Numerous interventions have been developed to help individuals and business owners meet these challenges, providing support that includes education and training on launching a business, entrepreneurship, product development, and business planning, as well as additional services ranging from case management to assistance applying for loans (Table 1).

This synthesis highlights key findings from studies identified through a Clearinghouse for Labor Evaluation and Research (CLEAR) systematic evidence review that examined the impacts of interventions providing education in business start-up and management, or seed money to start a small business, on attitudes, productivity, employment, earnings, education, or public benefit receipt outcomes.<sup>1</sup> The systematic review was conducted in 2015 and found nine causal studies published from 2005 to 2014.<sup>2</sup> These included two studies that received a high causal evidence rating in CLEAR (Benus et al., 2008; Benus et al., 2009). This rating means that we have a good degree of confidence that the interventions examined in those two studies caused the measured impacts on outcomes. The remaining seven studies included in the systematic review received low causal evidence ratings in CLEAR. A study that receives a low causal evidence rating means that readers cannot be confident that the estimated effects on outcomes are attributable to the intervention studied.<sup>3</sup>

### Key takeaways

► **Evidence indicates that business education plus additional services boost short-term employment, but reduces short term earnings, with impacts on long-term earnings fading over time.** An evaluation of Project GATE (see text box) found that it increased short-term employment but decreased short-term earnings (Benus et al., 2008; Benus et al., 2009). CLEAR has a good degree of confidence in the results for Project GATE from two studies that received a high causal evidence rating (Benus et al., 2008; Benus et al., 2009). Three other studies examined employment and earnings outcomes (Conroy et al., 2010; Link & Scott, 2012; Watkins et al., 2008), but all received low causal evidence ratings, meaning that their findings could reflect impacts of factors other than the intervention.

► **Interventions designed to improve the development of business ideas and increase business development activities have limited evidence on their effectiveness.** One study found that an intervention pairing unemployed workers with college students to develop products was associated with increased wealth-generating ideas (Watkins et al., 2008). Another study found that an intervention that trained adults with low incomes to develop business ideas was associated with increased business development activities (Fiet et al., 2006). However, CLEAR views this evidence as suggestive because these studies received low causal evidence ratings.

► **Few studies examined outcomes related to formal education and workforce training or public benefit receipt, and those that did found no evidence of impacts.** Two studies assessed a program for individuals with intellectual and developmental disabilities and Project GATE, respectively (Conroy et al., 2010; Benus et al., 2008).

► **Studies provide suggestive evidence that education-only interventions improve attitudes toward entrepreneurship.** Three studies examined interventions that provided coursework on launching a business, entrepreneurship, product development, and business planning (Harfst, 2006; Harris et al., 2008; Tam, 2009). Two of the three studies found that the interventions were associated with improvements in entrepreneurial self-esteem and plans (Harris, 2008; Tam, 2009); the other did not find an impact. But all three studies received only a low causal evidence rating, meaning that factors other than the education intervention may have contributed to changing participants’ attitudes.

### Potentially promising findings for Growing America Through Entrepreneurship (Project GATE)

This program offered entrepreneurship training, one-on-one business counseling, and help applying for business loans to adults with low income who had an idea for starting or growing a small business. Research showed that Project GATE improved employment and business ownership, although it decreased earnings, over 18 months, but these impacts faded over five years.

<sup>1</sup> For more information on CLEAR, including how CLEAR conducts systematic reviews, see <https://clear.dol.gov/>.

<sup>2</sup> See the CLEAR Employment and Training Review Protocol ([https://clear.dol.gov/sites/default/files/CLEAR\\_ETA\\_ReviewProtocolOct20\\_0.pdf](https://clear.dol.gov/sites/default/files/CLEAR_ETA_ReviewProtocolOct20_0.pdf)) to learn more about the literature search parameters and the specific criteria used to determine which studies were eligible for inclusion in the systematic review.

<sup>3</sup> See the CLEAR Causal Evidence Guidelines, Version 2.1 (<https://clear.dol.gov/reference-documents/causal-evidence-guidelines-version-21>) for information on the evidence guidelines used to determine the causal evidence ratings.

**Table 1. Key features of interventions to support entrepreneurship and self-employment that CLEAR examined**

Intervention	Key features
Education only	These interventions provided instruction or coursework on launching a business, entrepreneurship, product development, or business planning.
Education plus additional services	These interventions included both an education component (for example, coursework, seminars, workshops) as well as other services ranging from business development training and information to support applying for loans to funding.

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### Where are the gaps in the research on interventions to promote entrepreneurship and self-employment?

- More rigorous research is needed to understand the impacts of interventions that promote entrepreneurship and self-employment. The existing body of research is relatively small, and most studies received low causal evidence ratings. Additional studies using stronger designs would allow for more accurate inference about intervention impacts.
- Future studies could focus on assessing labor market outcomes in the long run. Business development takes time, so it may be necessary to observe outcomes over a longer period to understand the full potential of entrepreneurship and self-employment interventions. Only two of the nine studies that CLEAR reviewed examined long-term employment or earnings. If additional research confirmed the finding from CLEAR's review that initial improvements in employment fade over time, researchers could explore the reasons why.
- Program impacts may differ among participants with different backgrounds, such as having more or less experience with self-employment. The studies of Project GATE found that its impacts on business ownership were higher among those who were receiving unemployment insurance when they began the program (Benus et al., 2008; Benus et al., 2009). Future research could compare impacts for various groups of participants to better understand for whom entrepreneurship and self-employment programs work best.
- Only one of the studies CLEAR reviewed tracked both an immediate outcome (productivity) and an ultimate outcome (earnings) (Watkins et al., 2008). In the future, studies examining more immediate outcomes such as attitudes, training completion, and productivity could also aim to observe ultimate labor market outcomes. Findings on this progression could help us understand how interventions achieve their effects.

CLEAR designed the literature search and screening process for the entrepreneurship and self-employment topic area to identify studies that use a causal design—that is, studies that can credibly estimate program impacts. These types of studies, when they are of sufficient quality, can answer questions about whether an intervention worked. The CLEAR search identified one descriptive study that did not yield causal impact estimates and is not included in this synthesis. The search did not include implementation studies. However, descriptive and implementation studies might provide valuable information about how sites implemented programs, program feasibility, potentially promising components, and outcomes.

## References

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