

# Evidence of PUM's contribution to development: emerging insights

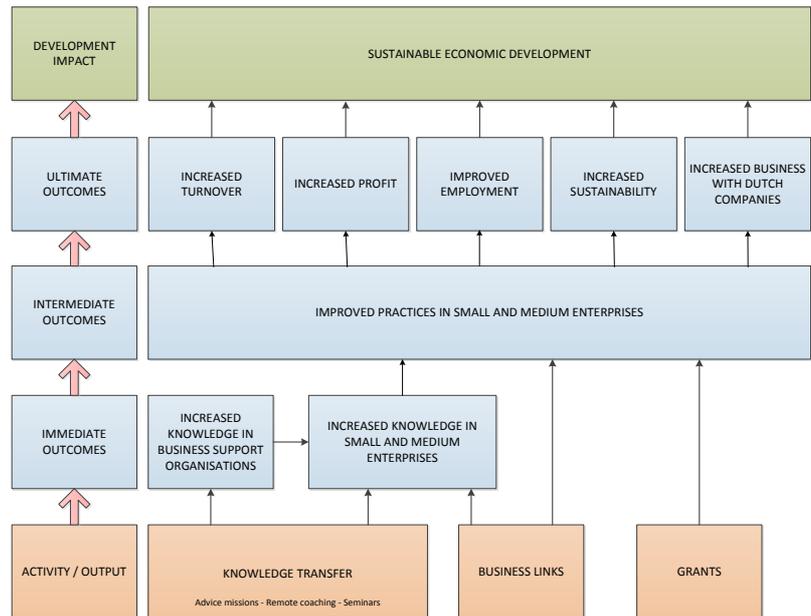
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## Why does PUM do what it does?

PUM wants to contribute to sustainable economic development in low income countries through knowledge transfer to Small and Medium Enterprises (SMEs), the promotion of business links with Dutch firms and, to a smaller extent, by facilitating small grants.

This support is expected to improve the performance of these SMEs in outcome areas like turnover, profits, employment, sustainability and/or exports. However, this process takes time and is influenced by many other factors.

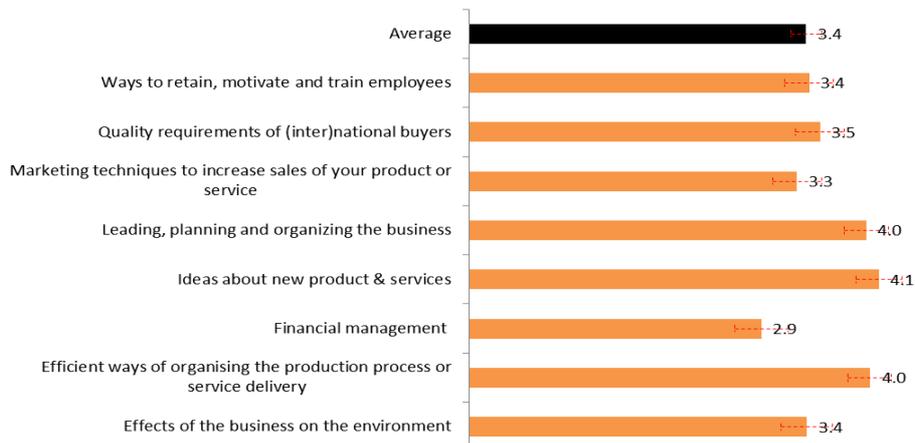
In the short term the support is expected to be measurable by the adoption of improved business practices that result from the support of the PUM experts to the firms.



## Is this supported by evidence?

PRIME, Pioneering Real-time Monitoring and Evaluation in small and medium enterprises ([www.primepartnership.nl](http://www.primepartnership.nl)), is a research programme designed to collect evidence to verify this intervention logic. PRIME uses the Monitoring and Evaluation (M&E) data collected by PUM. In 2015, it collected complementary information through an on-line survey to SMEs (July-August) and experts (October-November). In six countries PRIME takes a closer look at PUM support and looks for enablers and barriers of effectiveness. Also, PRIME analyses the professional and academic literature to learn from research on similar interventions.

How effective was PUM in contributing to the change in business practices over the past 12 months? Score (0-8)



The preliminary analysis of the 2015 data confirmed that there is a strong correlation between the knowledge and application of good business practices, and PUM is often mentioned as a contributory factor <sup>1)</sup>. More than two thirds of the firms indicate that they improved much in their business practices <sup>1)</sup>. A third of the firms mentioned PUM as a strong contributory factor for this improvement. The scores for PUM effectiveness in each area indicate that, overall, PUM missions contribute to the improvement in all ten areas. However, most missions focus on a subset of business practices, with highest effectiveness in the area ‘ideas about new products and services’, ‘leading planning and organising the business’ and ‘efficient ways of organising the production process’.

PRIME needs more years of data to verify if these business practices contribute to a better business performance <sup>2)</sup>. The wider impact literature is, however, supportive to this assumption <sup>3)</sup>. A recent systematic review of 40 impact studies shows that business training to SMEs does improve their revenue and profits, their ability to create jobs, labour productivity and their ability to invest <sup>4)</sup>.

The evidence on the impact of business training on sustainable economic development is much more contested. For example, several systematic reviews <sup>4)5)</sup> conclude that programs focused on technical assistance and business training have a very limited impact on job creation.

Calculation rules of the effectiveness score based on two key questions in the online survey		
Did your company's knowledge change over the past 12 months?	Did PUM influence this change?	PUM effectiveness score
	No effect	0
Increase	A little	1
Strong increase	A little	2
Increase	Somewhat	3
Strong increase	Somewhat	4
Increase	Much	5
Strong increase	Much	6
Increase	Very much	7
Strong increase	Very much	8

## For which firms does it work best?

PUM's business support to older and larger firms is especially successful in changing marketing strategies, and less in improving the internal organisation. The reverse is the case when the support is to tiny and young firms <sup>6)</sup>. The contribution of PUM missions to improving business practices is higher in SMEs that have good access to finance <sup>1)</sup>.

The case study research suggests that PUM reaches firms that are already relatively strong in their sector <sup>7)</sup>. They are also relatively dynamic and innovative. There is ample interest in receiving knowledge transfer from PUM experts. However, the willingness to pay for the associated costs is low and apparently the main reason that firms contacted by the country representatives do not apply for the support. The costs for firms to access PUM support, especially of follow-up missions, make it difficult to reach the smaller firms, except in the services sector, like tourism. Smaller firms may access PUM expert knowledge, however, through seminars organised by sector organisations <sup>7)</sup>.

## What is next?

The yearly data collection with the online surveys will strengthen the evidence-base behind the support and facilitate counterfactual analysis through an inter-cohort comparison. In 2016 the missions to the case study countries will provide more information on the main barriers and enablers of effectiveness.

## References:

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