

Enterprise Ireland Job Expansion Fund 2010-2012 (Interim Evaluation)

April 2015



Department of Jobs, Enterprise and Innovation
An Roinn Post, Fiontar agus Nuálaíochta

Strategic Policy Division

3. Enterprise Ireland Job Expansion Fund 2010-2012 (Interim Evaluation)

Programme logic model

Objectives

To assist Enterprise Ireland client companies with significant growth potential to:

- Increase overall sales and export sales
- Expand employment

Through provision of support for:

- Developing capacity, including investment in capital and technology acquisition
- Developing management capability
- Development and implementation of expansion plan (with assistance from consultancy)



Inputs

- Financial support (maximum individual grant of €150,000; support rate per job up to a maximum of €15,000 or 50 percent of gross salary if lower)
- Client company investment
- Enterprise Ireland staff and other resources



Activities

- Each project is assessed by the Job Expansion Committee
- Committee presented with an assessment of the project incorporating comments on a range of assessment criteria
- Commercial assessment of each project



Outputs

- No. of client companies assisted by the Job Expansion Fund
- Financial assistance approved and paid/drawn down



Outcomes and Impacts

- Increased turnover, majority relating to export sales
- New job creation based on full-time jobs

Evaluation aim

The aim of this interim evaluation of Enterprise Ireland's Job Expansion Fund (JEF) is to assess the appropriateness, efficiency and effectiveness of this support, and ultimately whether it is achieving its objectives. The evaluation time window measures funding provided between 2010 and 2012 and outcomes and impacts up to 2012. Indecon consultants were commissioned by Forfás to undertake research and analysis for this evaluation. Reflecting the recent timing of funding provided and given the typical time lags involved, a more limited analysis is feasible in assessing the emerging outcomes/impacts of the JEF.

Programme background, objectives and target population

The JEF is a specific scheme, with the objective of providing support to eligible clients who are taking on a development plan that will increase employment in their company.

The JEF is open to existing as well as potential Enterprise Ireland client companies that meet the requirements of the Industrial Development Act 1986. Under the scheme, existing and potential clients must have been trading (i.e. generating sales) for at least five years before the date of application; and only companies who have received €200,000 or less in approvals from Enterprise Ireland in the last three years are eligible to apply. The fund is allocated to firms on a competitive basis through advertised calls.

In order to gain funding, companies must submit detailed development plans to Enterprise Ireland. Within this, companies must demonstrate that projects clearly support an increase in employment, output and international trade. Applicants must be Irish-based firms in manufacturing or internationally traded services.

There are also a number of other eligibility criteria as set out by Enterprise Ireland that firms must adhere to in order to receive funding from the JEF. These are set out in terms of the various cost components that can be claimed back by assisted companies after approval for assistance has been granted.

Programme rationale and alignment with national policy

It is important to consider the JEF within the wider national economic and policy context. This is necessary to establish whether the programme remains valid and appropriate in addressing the needs of enterprise and economic policy in this context.

The external context within which Enterprise Ireland JEF (2010-2012) was developed has been shaped substantively by the impact of the recession in the Irish economy. As is well documented, the Irish enterprise sector was left exposed to a sharp contraction in demand, while the financial crisis impacted severely on access to credit. The collapse in demand resulted in a sharp increase in unemployment.

These developments meant that economic policy had to refocus on recovery and, in particular, employment creation and retention, with recovery predicated on export-led growth. The importance of developing new export markets to support job creation was emphasised in a number of policy documents including:

- ‘Building Ireland’s Smart Economy’ (2008);¹
- ‘High Level Group on Green Enterprise’ (2009);²
- ‘Making it Happen - Growing Enterprise for Ireland’ (2010);³ and
- Report of the Advisory Group on Small Business, published in 2011, which highlighted significant issues facing small businesses in the recession in Ireland.

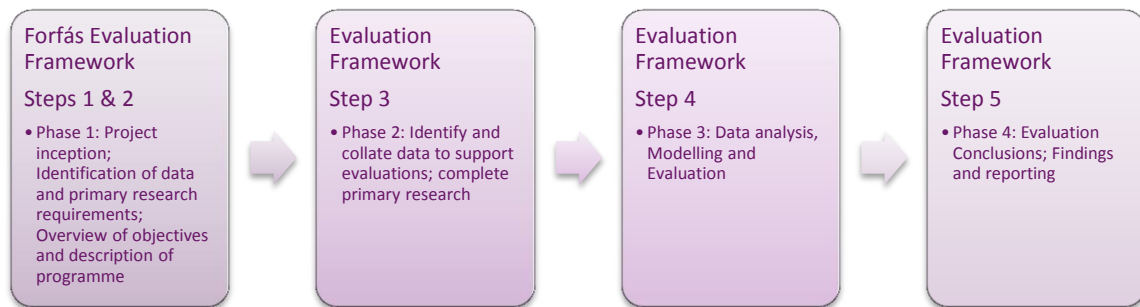
More recently, the Government’s *Action Plan for Jobs*, first launched in February 2012 and was recently updated in February 2013 aims to reconfigure the Irish economy in order to foster long-term sustainable job creation.⁴

Enterprise Ireland’s own strategy has consistently recognised the need to respond to the recessionary environment by supporting small firms in terms of employment creation and export growth. The JEF is an appropriate policy response in this context, designed to encourage SMEs to expand employment.

Evaluation methodology

The methodological approach applied in undertaking the evaluations in this report is consistent with the Forfás Evaluation Framework and, in particular, the Business Development Template within this framework. A schematic summary of the phases and detailed methodological tasks is presented in figure 3.1.

Figure 3.1: Schematic summary of methodological approach to evaluations



Data sources

Data was anonymised and confidentiality was assured at all stages of analysis. Data sources included:

- Enterprise Ireland client company grants database - firm-level dataset covering period 2003 to 2012;

¹ Building Ireland’s Smart Economy, Department of An Taoiseach, Op. Cit.

² Report of High Level Group on Green Enterprise, Op. Cit.

³ Making it Happen - Growing Enterprise for Ireland, Forfás, 2010, Op. Cit.

⁴ Department of Jobs, Enterprise and Innovation - Action Plan for Jobs, 2012, and 2013. Op. Cit.

- Forfás Annual Employment Survey (AES) - detailed firm-level data for Enterprise Ireland client companies covering the period 1972 to 2012;
- Forfás Annual Business Survey of Economic Impact (ABSEI) - detailed firm-level dataset covering period 2000-2012 and including data in relation to sales, export sales, inputs/purchases, payroll, profits and other relevant economic dimensions; and
- Data/information gathered through new primary/survey research undertaken by the appointed consultants.

A linked database was developed to support the detailed analysis and modelling undertaken.

Primary research

The following surveys were undertaken as part of the primary research:

- Confidential survey of Enterprise Ireland companies in receipt of JEF between 2010 and 2012; and
- Confidential survey of Enterprise Ireland companies in receipt of both Company Expansion Supports and JEF.⁵

The survey questionnaires were designed to complement the existing data sources and enable rigorous examination of a range of dimensions. Firms were able to complete the surveys online via a secure encrypted link to an electronic version of the relevant questionnaire.⁶ A high level of response was achieved on each of the survey streams set out in the table below.

Table 2.2: Summary of response rates to surveys

Survey Group - Firms Approved for Assistance through:	No. of Survey Distributed/ Firms Contacted	No. of Responses*	Response Rate**
(1) Job Expansion Fund (JEF)	48	32	66.7%
(2) Company Expansion Supports and Job Expansion Fund	46	32	69.6%
(3) Total JEF-assisted Firms from (1) and (2) above	94	64	68.1%

Source: Company survey

⁵ Refer to separate evaluation of the Enterprise Ireland Company Expansion Supports

⁶ The fieldwork for each survey stream was conducted during July 2013

Consultations and engagement with assisted firms

In addition to the above survey research, further insights were gathered through a series of focussed interviews with a sample of firms. In total, ten telephone-based interviews were undertaken based on a sample of firms selected from among those who responded to the survey and who agreed to participate in a follow-on interview. The discussions with firms focussed on understanding the background and experience with applying for, and drawing down JEF supports, the quality of interaction with and ongoing supports and guidance provided by Enterprise Ireland, the evidence in relation to actual or anticipated impacts/outcomes, and their views on any aspects of the design and delivery of the supports that could be improved.

The evaluations also benefited from detailed inputs provided by Enterprise Ireland throughout the evaluation process.

Inputs

Programme inputs relate to the financial, human and other resources employed in the delivery of a programme or support measure. These include financial inputs in the form of funding committed by Enterprise Ireland as well as indirect costs associated with Enterprise Ireland staff time allocated to the funding approvals process.

Programme direct costs - expenditures

Expenditure by constituent job expansion fund client offer - 2010 - 2012

Programme direct costs refer to the direct financial cost (€) of the supports provided. Since 2010, a total of €10.85 million in funding has been approved under the JEF, while €1.71 million has been paid to assisted companies.

Table 3.1: Value of grants approved (€) and grants paid (€) by job expansion fund constituent part - 2010 - 2012

Client Offer	Amount Approved (€)	Amount Paid / Drawn Down (€)
Job Expansion Fund	10,845,695	1,709,991

Source: Enterprise Ireland grant approvals data

Firms assisted through the JEF can only draw down supports after they undertake expenditure on supported projects. This means that assisted firms must access their own cash flows initially. Issues may arise if a firm's cash flows are constrained (e.g., because of the impact of the recession) in that they may be forced to postpone projects; therefore, funding payments are impacted. It may also be the case that the recession impacts on the initial grant level sought and approved, as firms may not apply for funding to Enterprise Ireland if they feel that they are unlikely to be in a position to draw down on this funding within the stipulated time periods. It is noted, however, that recipients of JEF funding have three years to employ the staff approved and 4.5 years from the date of approval for funding to submit their final claim.

The implications arising from Enterprise Ireland's funding process mean that behavioural effect occurs at the approvals stage rather than at the payment stage. In practice, when a firm is

approved for a grant by Enterprise Ireland, it is expected that the firm undertakes its expenditure on a project.

Approvals by year

In the context of the evaluation overall, it is useful to analyse grant approvals and payments on an annualised basis (see table below). The analysis indicates that of the overall level of JEF funding approved between 2010 and 2012, almost all (98.8 percent) of this was approved in 2011 and 2012, while the majority of funding drawn down was also in this period.

Table 3.2: Total and average grant approvals and total and average grant payments for companies in receipt of job expansion funds - 2010 - 2012

Year	Grant Approvals - €	Average Value of Grant Approved - €	Grant Payments - €	Average Value of Grant Payments - €	Number of Grants
2010	129,000	129,000	58,438	58,438	1
2011	4,570,027	114,251	1,191,381	29,785	40
2012	6,146,668	111,758	460,172	8,367	55
2010 - 2012	10,845,695	112,976	1,709,991	17,812	96

Source: Enterprise Ireland grant approvals data and Annual Business Survey of Economic Impact data

Funding drawdown and status of projects

In relation to the status of projects approved for support under the JEF, the findings of the survey research among assisted firms is summarised in table 3.3. This indicates that nearly 35 percent of assisted companies have not drawn down approved funding, while a further 56.5 percent have only partially drawn down funding. Only 8.7 percent of firms stated that they had fully drawn down their approved funding.

Table 3.3: Extent to which job expansion fund support has been drawn down by assisted firms

To what extent has your company drawn down the overall amount of Job Expansion Fund funding approved by Enterprise Ireland since 2010?	Percentage of Respondents
JEF Funding Fully Drawn Down	8.7%
JEF Funding Partially Drawn Down	56.5%
No Funding Drawn Down	34.8%
Total	100%

Source: Company survey

The above findings are further assisted by analysis regarding the status of the projects, which show that in 69.6 percent of cases, firms indicated that they had started but not completed their JEF-funded project, while a further 10.9 percent of projects have been approved but have yet to start. Only 17.4 percent of firms indicated that they had fully completed the expansion project funded through the JEF.

The main reason firms indicate for their not drawing down approved funding is that they have experienced a significant decline or loss in business, with over 20 percent of firms indicating this reason. A further 7 percent of firms indicate that they have experienced cash flow problems that have hampered their drawdown of JEF funding for projects.

Table 3.4: Reasons for not drawing down job expansion fund supports approved

If you have not drawn down the funding approved, what were the reasons for this?	Percentage of Respondents
Decided against the expansion	0.0%
Cash flow issues	7.1%
Significant decline/loss in business	21.4%
Overall process too costly	0.0%
Other reasons	71.4%
Total	100%

Source: Company survey

The majority of firms (71.4 percent) indicated that there are ‘other reasons’ why they did not draw down approved Enterprise Ireland funding. The table below outlines a number of reasons, which range from companies failing to meet eligibility requirements to acknowledgements by companies that they will be drawing down on their approved funding shortly.

Table 3.5: Selected other reasons indicated by respondents for not drawing down job expansion fund supports approved

If you have not drawn down the funding approved, what were the reasons for this?
"Employment number fell below the minimum level as stated on contract."
"In process of completing second part of claim."
"In the process of making first drawdown."
"Just finished the report from our auditors so will be drawing down the first portion in July 2013."
"Only now commencing the expansion due to cash-flow implications."
"Overall staff count in other departments down - therefore overall company staff count fall. Therefore not eligible for grant drawdown for project to which the grant was targeted."
"Partially drawn down and will be fully drawn down before end of 2013."
"Slower than expected."
"We are only at start of project and we have to 2015 to complete."

Source: Company Survey

The timing of JEF funding and the status of supported projects are important from an evaluation perspective, as these factors mean that the available time period and data used to enable identification and assessment of programme impacts is very constrained. This is a particular issue for the evaluation as there are limited observations in 2010 and also limited scope to assess impacts in later years (2011 and 2012).

Programme indirect costs

In addition to programme direct costs in the form of direct financial assistance provided to firms, there are also indirect costs associated with the operation of Enterprise Ireland’s JEF. These costs relate primarily to the human resource inputs provided by Enterprise Ireland staff members who are engaged in the process of project screening and approval. In the case of the JEF, these include development managers and advisers. Based on detailed data on numbers of project approvals and associated staff time inputs provided by Enterprise Ireland and data on salary scales provided by Forfás, estimates have been derived of the level of Enterprise Ireland indirect programme support costs associated with the JEF approvals process. These estimates are presented in table 3.6 for the period 2010 to 2012. In total over this period, estimated indirect

costs amounted to just under €319,000. This represented 2.9 percent of the overall value of JEF funding approved.

Table 3.6: Enterprise Ireland indirect costs associated with approval of job expansion fund supports - 2010-2012

	2010	2011	2012	Total - 2010-2012
Estimated overall EI Indirect Costs	€3,322	€132,894	€182,729	€318,945

Source: Estimates derived based on data provided by Enterprise Ireland and Forfás

Private funding and funding leverage

An important factor impacting overall funding efficiency is the extent to which supports can leverage private funding through assisted firms' own resources. In order to assess this, firms were asked to indicate the proportion of the overall investment in JEF projects that was funded by Enterprise Ireland. It was found that on average this was just short of 30 percent, suggesting that the majority of investment in JEF projects is funded through assisted firms' own resources. This suggests that the JEF is likely to have resulted in leveraging of private sources of funding.

Table 3.7: Contribution of Enterprise Ireland funding to overall cost of job expansion fund project

Statistics	JEF Funding % of Overall Company Investment in Project
Mean - 2010-2012	28.9%
Median - 2010-2012	30.0%

Source: Company survey

There is also an interest in assessing the extent to which companies assisted under JEF are receiving other grants from Enterprise Ireland over the same time period. This is important from an evaluation perspective in terms of being aware that companies may be in receipt of various grants and thus the division of the impacts of these grants, where possible, must be taken into account. 61.7 percent of companies supported under the JEF were also in receipt of other Enterprise Ireland supports within the time period 2010 to 2012.

In terms of their overall funding from Enterprise Ireland, firms were asked about their JEF funding approved as percentage of total Enterprise Ireland assistance received from 2010-2012. It was found that that, on average, this represented 40 percent of overall Enterprise Ireland funding.

Outputs and activities

Description of programme activities

The table below provides a number of illustrative examples of the types of activities that Enterprise Ireland engages in to support client companies.

Table 3.8: Selected programme activities undertaken by Enterprise Ireland in support of JEF-assisted companies

Activity Measure
Support for Firms Through Grant Application Process
Thorough Review and Decision Making Process by Job Expansion Fund Approving Committee
Support for Developing Capability within the Firm Through Investment in People Skills and Recruiting Key Staff
Support for Implementation of Growth Plans Including Development of Appropriate Structures and Processes

Description of programme outputs

Firms supported

The table below provides details on the number of firms assisted by the Job Expansion Fund. Overall, 96 different companies have been assisted by the JEF between 2010 and 2012. The annual figures show that the programme only really started in 2011.

Table 3.9: Number of firms assisted by Job Expansion Fund 2010-2012

Year	Individual Job Expansion Firms Supported in Each Year	New Job Expansion Firms Supported in Each Year*	Cumulative Total Unique Job Expansion Firms Supported
2010	1	1	1
2011	40	40	42
2012	55	55	96

Source: Enterprise Ireland grant approvals data. Notes: The new job expansion firms supported in each year column does not include any firms that were also supported in previous years

JEF firms by company size

The JEF, as is stated in its eligibility criteria, is a scheme that is designed for SMEs, in that it is open to firms with fewer than 250 staff at the time of application. The data below indicates that in 2011 and 2012, over 80 percent of firms assisted have fewer than 50 employees, suggesting that the programme is supporting small companies in particular.

Table 3.10: Number of firms by company size - firms in receipt of Job Expansion Funds - 2011 and 2012

Company Size (Employment)	2011	2012	Average 2011 - 2012
1 to 9	15.6%	13.2%	14.4%
10 to 49	59.4%	73.7%	66.5%
50 to 99	15.6%	7.9%	11.8%
100 to 250	9.4%	5.3%	7.3%
Total	100%	100%	100%

Source: Enterprise Ireland grant approvals data and AES data. Notes: Limited coverage of firms on the AES data limits this table's analysis to 2011 and 2012. Companies for which data is not available through the AES are not included in the table

The focus on small firms is further evidenced by the data presented in the table below, which indicates the share of the value of JEF funding approved by company size in 2011 and 2012. This shows that almost two-thirds (64.8 percent) of funding approved in 2011 and 2012 has been provided to firms employing fewer than 50 persons.

Table 3.11: Analysis of characteristics of grant approvals - share of value of grant approvals by company size - firms in receipt of Job Expansion Funds

Company Size (Employment)	2011	2012	Average 2011 - 2012
1 to 9	2.9%	2.3%	2.6%
10 to 49	54.2%	70.3%	62.2%
50 to 99	25.9%	16.6%	21.2%
100 to 250	17.0%	10.8%	13.9%
Total	100%	100%	100%

Source: Enterprise Ireland grant approvals data and Annual Employment Survey data. Notes: Companies for which data is not available through the AES are not included

Sectoral profile of funding approved

An analysis of the sectoral profile of firms assisted by the JEF is provided in the table below, showing the proportionate breakdown of the value of grants approved between 2010 and 2012. The analysis indicates a diversified sectoral profile of companies assisted by the JEF in 2011 and 2012. Among the main sectors in which JEF-assisted firms have been supported include construction and engineering; food and drinks; internationally traded services; and software.

Table 3.12: Analysis of characteristics of grant approvals - share of value of grant approvals by company sector - firms in receipt of Job Expansion Funds

Sector	2010	2011	2012
Food and Drinks	-	9%	15%
Life Science / Cleantech	-	-	4%
Electronics	-	-	
Construction and Engineering	100%	45%	25%
Internationally Traded Services	-	14%	19%
Software	-	7%	13%
Consumer Products and Other Misc Manufacturing	-	6%	4%
Other	-	-	2%
Sector Unknown*	-	20%	19%
Total	100%	100%	100%

Source: Enterprise Ireland grant approvals data and Annual Business Survey of Economic Impact Data. * 'Sector Unknown' relates to where data from the ABSEI does not identify the sector of the respondent firm

Summary of main findings

This section has examined the inputs, activities and outputs associated with Enterprise Ireland's Job Expansion Scheme. The main findings were as follows:

- Programme inputs relates to the financial, human and other resources employed in the delivery of a programme or support measure. Since 2010, a total of €10.85 million in funding has been approved by Enterprise Ireland under the JEF across a total of 96 different companies, while €1.71 million has been drawn down by these companies.
- Almost two-thirds (64.8 percent) of JEF funding approved in 2011 and 2012 has been provided to firms employing fewer than 50 persons, while supports have also been approved across a diversified sectoral profile of companies.

- Estimated indirect costs associated with Enterprise Ireland staff time provided to the JEF funding approvals process have amounted to just under €319,000 by 2012, representing 2.9 percent of the overall value of JEF funding approved.
- Research among JEF-assisted firms indicates that the majority of investment has been funded through assisted firms' own resources, and this suggests that the JEF is likely to have resulted in leveraging private sources of funding.
- Research among assisted firms indicates that nearly 35 percent of JEF-supported companies have not drawn down their approved funding, while a further 56.5 percent have only partially drawn down funding. Only 8.7 percent of firms stated that they had fully drawn down their approved funding. The impact of the recession is evidenced from the finding that the main reason firms indicate for their not drawing down approved funding is that they have experienced a significant decline or loss in business.

Impacts and outcomes

This section presents an in-depth analysis of the impacts, outcomes and effectiveness of the JEF. Within this, there is analysis of detailed Forfás and Enterprise Ireland data, as well as new primary research, to assess the emerging evidence in relation to the outcomes and impacts of JEF funding provided to Enterprise Ireland client firms between 2010 and 2012.

Analysis of performance outcome metrics

Export sales performance of JEF-assisted firms

As noted previously, one of the main objectives of the JEF is to assist firms to grow their employment through developing new export sales in international markets. Before assessing the net impacts of the JEF, it is instructive to examine the actual performance of export sales among firms assisted by the JEF. The export performance over the period from 2001 to 2012 among the cohorts of firms assisted by the JEF in 2011 and 2012 is presented in table 3.13. This includes calculations of the compound average annual growth rate in exports achieved in the periods preceding and following the year in which firms were approved for funding.

The analysis indicates significant export growth among both cohorts of firms over the period analysed. It is noted in particular that the average growth rates evident in 2011 and 2012 are higher among these firms than in the preceding years. It is important, however, in interpreting these figures to bear in mind the very short period of time elapsed since funding approval for these firms and further analysis would be warranted at a later stage to identify the full range of impact, given the lags typically involved between funding and the development of new sales.

Table 3.13: Annual percentage growth in exports from 2001 - 2012 for firms in receipt of Job Expansion Funds - 2011 and 2012

Year	Firms Assisted by JEF in 2011	Firms Assisted by JEF in 2012
2001	20.4%	-8.8%
2002	22.1%	4.9%
2003	-8.6%	21.3%
2004	50.7%	6.3%
2005	23.2%	58.0%
2006	18.5%	0.0%
2007	32.3%	23.9%
2008	16.1%	23.4%
2009	-36.1%	-5.6%
2010	2.5%	27.6%
2011	66.6%	56.5%
2012	23.9%	60.1%
Average annual growth (CAGR) - Pre-JEF Approval - % p.a	11.5%	17.0%
Average annual growth (CAGR) - Post-JEF Approval - % p.a	23.9%	60.1%

Source: Enterprise Ireland grant approvals data and Forfás Annual Business Survey of Economic Impact data

Employment performance of JEF-assisted firms

A similar analysis of employment growth within JEF-assisted firms is presented in table 3.14. While the data pertaining to the post-approval period is very recent, the evidence suggests that employment growth is accelerating among firms since they were approved for JEF funding relative to their workforce growth in prior years.

Table 3.14: Annual percentage growth in employment from 2001 - 2012 for firms in receipt of Job Expansion Funds - 2011 and 2012

Year	Firms Assisted by JEF in 2011	Firms Assisted by JEF in 2012
2001	3.8%	5.3%
2002	13.0%	-0.7%
2003	13.4%	1.7%
2004	7.7%	7.9%
2005	7.5%	28.4%
2006	12.4%	16.4%
2007	17.7%	7.7%
2008	2.5%	2.2%
2009	-17.1%	-5.4%
2010	16.5%	4.2%
2011	33.3%	9.9%
2012	15.2%	21.3%
Average annual growth (CAGR) - Pre-JEF Approval - % p.a	7.3%	6.7%
Average annual growth (CAGR) - Post-JEF Approval - % p.a	15.2%	21.3%

Source: Enterprise Ireland grant approvals data and Forfás Annual Employment Survey data. Notes: The year of support relates to the first year in which firms were assisted. Some firms may also be assisted in following years. Post-approval refers to the compound average annual growth (CAGR) over period from the year of approval to 2012

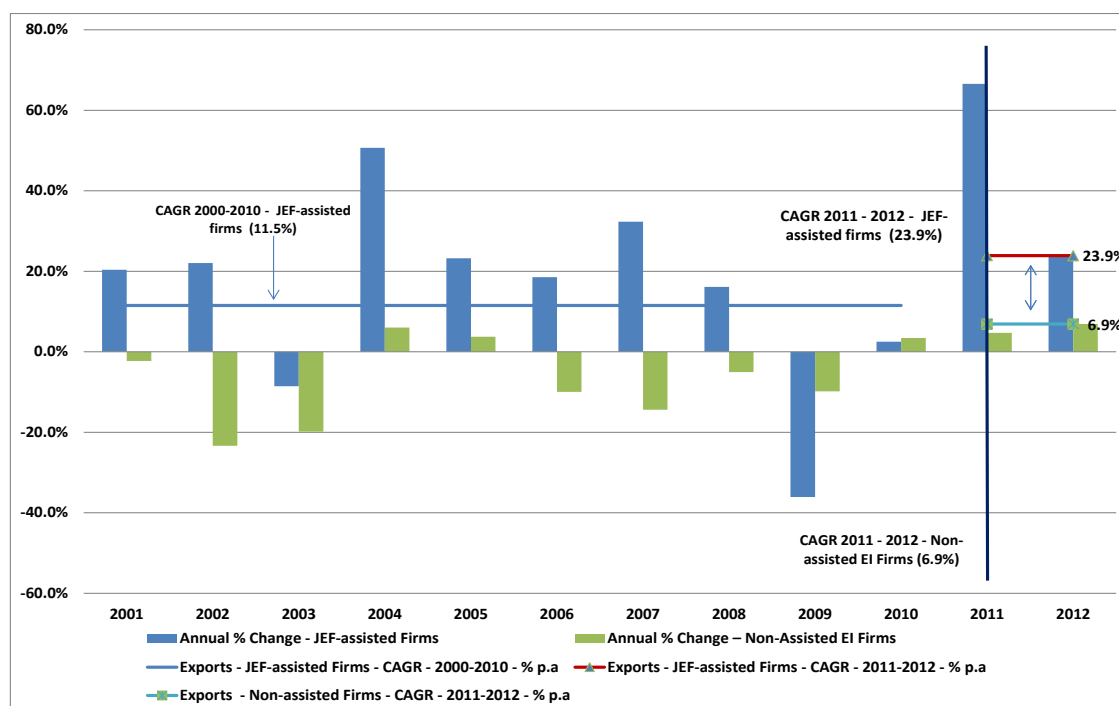
Analysis of performance vis-à-vis control group of non-assisted firms

While the above analysis is useful in terms of outlining general trends over the evaluation period, it does not consider the performance of JEF-assisted firms relative to a counterfactual using an appropriate control group. One possible control group has been considered in the form of a group of non-assisted companies. This non-assisted group comprises Enterprise Ireland client firms that have received no Enterprise Ireland supports over the period between 2003 and 2012. They therefore conform to the broad characteristics of Enterprise Ireland client firms.

Export sales

The analysis in the figure below suggests that JEF-assisted companies approved for funding in 2011 have experienced a strong positive impact on their export sales during the initial year of support, while in 2012 overall growth of 23.9 percent was recorded. In both 2011 and 2012, this analysis suggests that assisted firms substantially outperformed non-assisted firms in terms of export growth.⁷

Figure 3.2: Comparative Analysis of Export Growth (Annual % Change in Exports) - Enterprise Ireland Firms in Receipt of Job Expansion Funds in 2011 and non-assisted Enterprise Ireland Firms in 2011



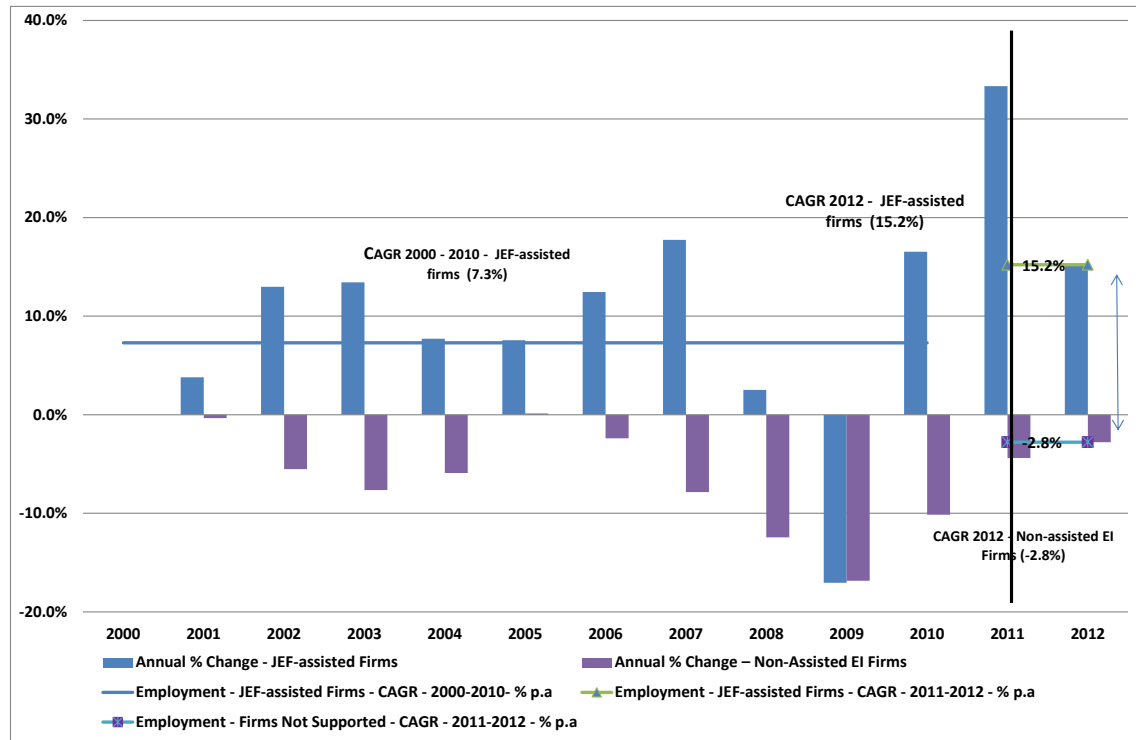
Source: Enterprise Ireland grant approvals data and Annual Business Survey of Economic Impact data

Employment

A similar analysis of comparative performance in employment among JEF-assisted firms approved for funding in 2011 is presented in figure 3.3. As in the case of exports, the analysis suggests that JEF-assisted companies approved for funding in 2011 experienced a significant increase in the size of their workforce in the initial year of support. This impact dissipates somewhat in the following year, 2012. However, on an average annual basis, employment growth in 2011 and 2012 is seen to be substantially higher among assisted firms, at 15.2 percent per annum on average, compared with declining employment among non-assisted firms.

⁷ Due to data limitations, it has not been possible to examine comparative growth performance among the 2012 cohort of firms assisted by the Job Expansion Fund.

Figure 3.3: Comparative analysis of employment growth (Annual Percentage Change in Employment) - Enterprise Ireland firms in receipt of Job Expansion Funds in 2011 and non-assisted Enterprise Ireland firms in 2011



Source: Enterprise Ireland grant approvals data and Annual Employment Survey data

Conclusions from control group analysis

Overall, the control group analysis suggests that firms assisted under the JEF are showing strong signs of outperforming non-assisted firms in terms of their export sales and employment, although it is perhaps premature to draw any firm conclusions regarding net impact given the short time period since funding approval and the constraints in data availability at this juncture. The emerging evidence does, however, suggest a positive outcome in terms of the impacts of the JEF in stimulating export sales and job creation.

Impacts - findings from primary research among assisted firms

Programme impact

The available evidence was examined on the emerging impacts of supports provided through the following measures:

- Firms’ views on the significance or otherwise of JEF in contributing to increased Export Sales;
- Views on the levels of Export Sales which firms believed they would likely have sustained relative to current levels in the absence of JEF;
- Views on the significance or otherwise of JEF in contributing to increased Employment;

- Views on the levels of Employment which firms believed they would likely have sustained relative to current levels in the absence of JEF; and
- Views on the wider impact and benefits of JEF supports.

The findings on each of these dimensions is presented below.

Export sales impacts

In terms of the significance of funding in helping to increase export sales, research has found that over 70 percent of firms believe that JEF assistance has contributed to a significant increase in their exports, with 26.7 percent stating that there was neither a significant nor insignificant increase. 2.2 percent indicated that there was no increase.

When asked to indicate the level of export sales their business would likely have sustained in the absence of JEF supports, it was found from the responses to the survey that on a weighted average basis across firms, exports among JEF-assisted companies would have been about 12 percent lower than their current levels in the absence of the funding.

Table 3.15: Views of firms on estimated export sales that would have been sustained in the absence of JEF funding

In the absence of JEF funding, what level of export sales do you believe your business would have sustained relative to current levels?	Percentage of Respondents
Same as Current Level	21.4%
Lower than Current Level	78.6%
<i>Of which:</i>	
5-10% Lower	31.0%
11-20% Lower	35.7%
21-30% Lower	7.1%
31-50% Lower	4.8%
50-100% Lower	0.0%
Total	100%
<i>Weighted Average % Lower Export Sales</i>	11.6%*

Source: Company Survey. * Estimated on basis of assuming the midpoints in each of the ranges indicated multiplied by the percentage response in each range

Employment impacts

Considering assisted firms' views on the impacts of JEF assistance on their workforce, the table below summarises the results from the survey of firms on the significance or otherwise of JEF funding in contributing to increased workforce/employment levels within their company. A large majority of companies (83 percent) state that their JEF funding has had a significant impact in increasing employment at their company.

Table 3.16: Employment level impacts

Significance or otherwise of Enterprise Ireland JEF funding in contributing to increased workforce/employment levels within your company	Percentage of Respondents
Very Significant Impact	40.4%
Significant Impact	42.6%
Neither Significant Nor Insignificant	10.6%
Insignificant Impact	0.0%
No Impact	6.4%
Total	100%

Source: Company Survey

When asked to estimate the level of employment that their firm would likely have sustained in the absence of the JEF support, the analysis of responses indicates that firms believed employment levels would on average have been 12.6 percent lower than current levels.

Table 3.17: Impact on sustained employment

In the absence of JEF funding, what level of workforce/employment do you believe your business would have sustained relative to current levels?	Percentage of Respondents
Same as Current Level	13.3%
Lower than Current Level	86.7%
Of which:	
5-10% Lower	37.8%
11-20% Lower	33.3%
21-30% Lower	11.1%
31-50% Lower	4.4%
50-100% Lower	0.0%
Total	100%
<i>Weighted Average % Lower Employment</i>	<i>12.6%*</i>

Source: Company Survey

Wider impacts and benefits of JEF supports

Views were sought of JEF-assisted firms in relation to a number of dimensions of wider impact. The findings of this research are summarised in table 3.18.

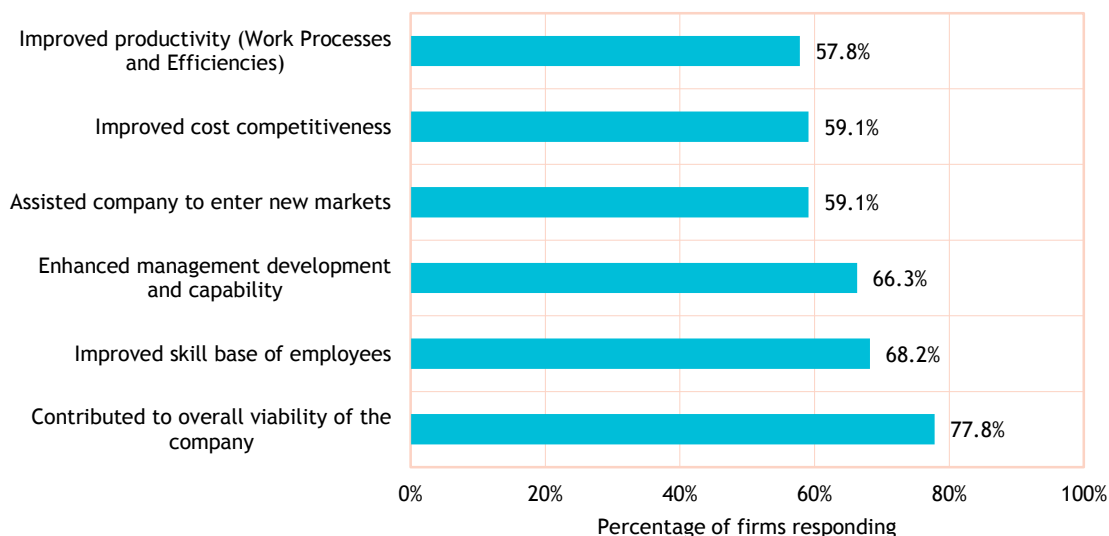
Table 3.18: Wider impacts of Job Expansion Fund on firm performance

Views on Wider Impacts of JEF on Firm Performance	Percentage of Respondents				
	Very Significant Impact	Significant Impact	Neither Significant Nor Insignificant	Insignificant Impact	No Impact
Assisted Company to Enter New Markets	18.2%	40.9%	29.5%	6.8%	4.5%
Improved Cost Competitiveness	13.6%	45.5%	29.5%	2.3%	9.1%
Improved Productivity (Work Processes and Efficiencies)	15.6%	42.2%	33.3%	4.4%	4.4%
Enhanced Management Development and Capability	15.9%	47.7%	22.7%	4.5%	9.1%
Improved Skill Base of Employees	15.9%	52.3%	25.0%	0.0%	6.8%
Contributed to Overall Viability of the Company	22.2%	55.6%	17.8%	0.0%	4.4%

Source: Company Survey

The figure below represents these findings to highlight those aspects of impact to which responding firms attached the highest levels of significance.

Figure 3.4: Significance of reported wider impacts of JEF supports on firm performance



Source: Company Survey

A high proportion of firms indicated that JEF has assisted them across a range of areas, including:

- Contributing to the overall viability of the company, with 77.8 percent of firms reporting a significant or very significant impact;
- Improving the skill base of employees, with 68.2 percent reporting a significant or very significant impact;
- Enhancing management development and capability, where 63.6 percent indicated that JEF is playing a significant or very significant role;
- Assisting the company to enter new (export) markets, with 59 percent indicating that JEF is having a significant or very significant impact;
- Assisting in improving cost competitiveness, with 59 percent of firms indicating that JEF is providing a significant or very significant impact; and
- Contributing to improved productivity (work processes and efficiencies), with 57.8 percent of firms reporting a significant or very significant impact.

It is noteworthy that a strong majority (73.9 percent) of firms responding to the survey strongly agree or agree that JEF assistance has helped them to weather the recession.

Table 3.19: Impact during the recession

To which extent would you agree or disagree that the JEF assistance provided by EI has helped your company to weather the negative consequences of the recent economic downturn?	% of Respondents
Strongly Agree	23.9%
Agree	50.0%
Neither Agree Nor Disagree	21.7%
Disagree	0.0%
Strongly Disagree	0.0%
Don't Know	4.3%
Total	100%

Source: Company Survey

Programme deadweight and displacement

Any programme of assistance to enterprise will inevitably exhibit some element of deadweight and/or displacement, but the extent of such factors is important. In the analysis below, a number of findings from research among JEF-assisted firms are presented, which input to the assessment of likely deadweight and displacement, and therefore the level of additionality achieved by the supports.

Deadweight

In assessing the extent of deadweight likely to arise in relation to JEF, existing research in this area is drawn from.⁸ This distinguishes between 'full/pure' and 'partial' deadweight. As part of the survey research, firms were asked to provide an indication of their likely actions in the absence of JEF supports. The findings are summarised in table 3.20. The results indicate that 8.9 percent of firms would have undertaken the expansion project unchanged. Thus, it can be deduced that 8.9 percent represents an estimate of the extent of full or pure deadweight attached to the provision of JEF supports since 2010. Just 4.4 percent of firms indicated that they would not have undertaken any expansion project without the assistance of the Enterprise Ireland JEF, which would imply zero deadweight among these firms.

A substantial proportion of firms responding to the survey indicated various outcomes that would suggest varying degrees of partial deadweight, including:

⁸ See, for example, Lenihan and Hart (2003), op. Cit., and Lenihan (2004), Op. Cit.

- 33.3 percent of firms would have gone ahead with the expansion but at a reduced scale/size;
- 17.8 percent of firms would have gone ahead with the expansion but at a later date;
- 6.7 percent of firms would have gone ahead with the expansion but at a different location; and
- 28.9 percent of firms indicated that they would likely have pursued some combination of the above outcomes.

Table 3.20: Views of firms on likely courses of action in absence of Job Expansion Fund

In the absence of JEF funding from Enterprise Ireland, which of the following courses of action do you believe your company would most likely have undertaken?	% of Respondents
a) Would have gone ahead with the expansion project unchanged, i.e., on the same scale, time and location	8.9%
b) Would have gone ahead with the expansion but at a different location (e.g. outside of Ireland)	6.7%
c) Would have gone ahead with the expansion but at a later date (i.e. delayed the expansion)	17.8%
d) Would have gone ahead with the expansion but at a reduced scale/size	33.3%
e) Combination of (c) and (d) above	28.9%
f) Would not have undertaken any expansion	4.4%
Total	100%
Weighted Average Estimate of Deadweight	69.6% (Range 52.2%-86.9%)*

Source: Company Survey. * Weighted average estimates derived through assuming category (a) equates to 100 percent deadweight, category (f) denotes zero deadweight, while alternative scenarios relating to categories (b) to (e) were assumed, where these equate to 50 percent, 70 percent and 90 percent deadweight.

It was not feasible as part of this research to further refine the responses to the intermediate categories above such that the extent of partial deadweight could be more precisely calculated. However, alternative estimates of the possible extent of deadweight attached to JEF funding approved over this period have been considered by making certain assumptions regarding the likely levels of deadweight applying to the intermediate/partial deadweight categories. Applying this

approach, it is estimated that the overall level of deadweight at approximately 70 percent (ranging between 52 percent and 87 percent). It should also be noted that the existing appraisal system applied by the development agencies in ex ante appraisal of projects recommends utilising an assumption for grant deadweight of between 70 percent and 80 percent for expansion projects.⁹

Displacement

Displacement refers to the possibility that provision of assistance to one firm could displace sales or employment in other firms in the national economy. The issue of displacement is assessed by seeking information from assisted firms on the following dimensions as part of the survey research:

- The proportion of business's main competitors that are based on Ireland;
- The extent to which JEF supports contributed to the business increasing its market share; and
- The extent to which any increase in market share has been at the expense of (a) other Irish-based companies and (b) competitors based overseas.

Across firms responding to the survey, on average firms indicated that between 25 percent and 38.3 percent of their competitors were based in Ireland. This suggests that for firms assisted by Enterprise Ireland's JEF, the majority of their competitors are based overseas. This limits the extent to which an increase in sales of assisted firms is likely to be at the expense of domestic competitors. When asked about the extent to which JEF assistance had contributed to increasing their market share, it is notable that 72.8 percent of firms indicated that the provision of supports had a significant or very significant impact.

Table 3.21: Extent to which supports contributed to increasing market share

Views on Impacts of JEF Assistance on Firm Performance	Percentages of Respondents				
	Very Significant Impact	Significant Impact	Neither Significant Nor Insignificant	Insignificant Impact	No Impact
Contributed to Business Increasing its Market Share	20.5%	52.3%	20.5%	0.0%	6.8%

Source: Company Survey

The research findings indicate that the vast majority of JEF-assisted firms (83.3 percent) responding to the survey considered that any increase in market share achieved had been at the expense of international rather than domestic competitors.

⁹ See Murphy *et al.*, Op. Cit., page 54.

Overall, the above analysis suggests that JEF-assisted firms' competitors are primarily international rather than domestic. In addition, while firms have indicated that JEF assistance has had a significant impact in terms of helping to increase their market shares, a low proportion of this has been at the expense of domestic/Irish competitors. This suggests that the extent of displacement arising from the provision of JEF assistance is likely to be low.

Extent of synergies and overlap with other supports

Another aspect examined concerns the degree to which the JEF is complementary to and interacts with other business development supports on offer from Enterprise Ireland. This is important from the perspective of ensuring that each support type is correctly targeted and duplication is minimised. It is also important in order to assess whether there may be certain synergies that can be fostered or achieved in the future operation of the scheme.

In considering this issue, the inputs of JEF-assisted firms were sought. The findings are summarised in the table below and indicate that the majority (58.1 percent) of firms say that the JEF is one component of a range of interrelated and integrated business supports provided by Enterprise Ireland. In terms of synergies, it is notable that only 14 percent of firms believe that the JEF has some synergies/complementarities with other Enterprise Ireland business supports, while over one-quarter are of the view that the JEF is an independent initiative with no relationship to other Enterprise Ireland business supports. The views of assisted firms do not, however, suggest significant overlap or duplication with other supports, with only 2.3 percent of JEF-assisted firms responding to the survey indicating that there is significant duplication/overlap between the JEF and other Enterprise Ireland business supports.

Table 3.22: Views of firms on extent to which Job Expansion Fund interacts with and complements other business supports or grants provided by Enterprise Ireland

Extent to which JEF interacts with and complements other business supports or grants provided by Enterprise Ireland:	Percentage of respondents
Job Expansion Fund is an independent initiative with no relationship to other Enterprise Ireland business supports	25.6%
Job Expansion Fund is one component of a range of inter-related and integrated business supports provided by Enterprise Ireland	58.1%
Job Expansion Fund has some synergies/complementarities with other Enterprise Ireland business supports	14.0%
There is significant duplication/overlap between the Job Expansion Fund and other Enterprise Ireland business supports	2.3%
Total	100%

Source: Company Survey

Satisfaction levels among assisted firms

An important issue in relation to the operation of business development supports concerns the levels of satisfaction or otherwise among firms with the quality and delivery of these supports. The following aspects were considered:

- The quality of interaction with the Enterprise Ireland team involved in development of company Investment Proposals;
- The design of the support;
- The administrative process associated with applying for the support;
- The administrative processes associated with claiming payment following funding approval; and
- The quality of support available to firms in relation to ongoing queries etc.

The findings from the research conducted on these dimensions are summarised in the table below. The findings indicate that overall a very high proportion of firms assisted through JEF are satisfied or very satisfied with the level and quality of interaction with Enterprise Ireland.

Table 3.23: Extent of satisfaction/dissatisfaction of firms with level and quality of interaction with Enterprise Ireland with regard to Job Expansion Fund

Extent of Satisfaction/Dissatisfaction	Percentage of Respondents				
	Very Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dissatisfied	Very Dissatisfied
Interaction with Enterprise Ireland team involved in development of your company’s Investment Proposal for committee consideration	68.9%	26.7%	0.0%	4.4%	0.0%
Design of the support	51.1%	35.6%	4.4%	8.9%	0.0%
Administrative process associated with applying for the support	42.2%	46.7%	2.2%	8.9%	0.0%
Administrative processes associated with claiming payment following funding approval	42.2%	37.8%	13.3%	6.7%	0.0%
Support for queries etc.	53.3%	33.3%	13.3%	0.0%	0.0%

Source: Company Survey

International comparisons

This section will, where feasible and relevant, compare programme performance against best practice internationally. Firstly, however, it is important to acknowledge the challenges and constraints involved, including:

- All programmes are unique. Programmes under evaluation have emerged within specific Irish contexts and are likely to have different aims and target groups than those in other countries.
- Impacts/outcomes are difficult to match to other programmes internationally without being able to control for a range of factors, such as institutional framework, timeframe of support programme, type of programme and type of assistance, etc. Like-for-like comparison is therefore likely to be difficult.

Northern Ireland

Jobs Fund

Similar to the JEF, Northern Ireland 'Jobs Fund' is a scheme created in response to the economic downturn. Its aim is to create 4,000 jobs by March 2014 and promote a total of 5,000 jobs by the following year. It has been allocated a budget of £19 million and like the JEF, it has a number of stipulations regarding how funding is allocated.

Grants vary between £3,000 and £7,000 depending on the size of the company and the salary of the new employee. Companies must also show that they will have annual sales in excess of £100,000 for the next three years and that 25 percent, or £250,000, of annual turnover will be exported.

As this scheme has yet to be fully implemented there is no available evaluation of its impact or cost effectiveness.

Invest NI - Selective Financial Assistance

Selective Financial Assistance ('SFA') is granted by Invest NI to:

- Promote the development or modernisation of an industry or of any industrial undertaking;
- Promote the efficiency of an industry or of any industrial undertaking; and
- Create, expand or sustain productive capacity in an industry or in any industrial undertaking.¹⁰

While job creation is not the sole mandate of the SFA, "The project must create or safeguard sustainable long-term jobs. Projects which are likely to create over-capacity and just displace jobs elsewhere in the UK do not qualify for assistance, nor do simple relocations."¹¹ In this sense, it is similar to the JEF.

¹⁰ See Invest NI, Guidelines on Invest NI's SFA Scheme

¹¹ Ibid

In an evaluation of the period April 1998 to March 2004, Invest NI offered £320.1 million to 1,617 businesses.¹² This represented a mean grant of £197,186 and a median of £24,250.¹³ Support for firms was positively associated with employment growth in the following two years 2004-2006, with an estimated 2,876 net additional jobs. From this period the cost-per-job estimate was £25,549. Notably, however, Invest NI case managers expressed difficulty in identifying firms' need for SFA. Additionally, interviews with the management of SFA-assisted firms indicated that the same outcomes may have been achieved with significantly less financial support. This qualitative finding indicates the possibility of high levels of deadweight.

In a separate evaluation of the three years following assistance (measured from 2007/08), assisted firms had turnover growth per employee of 20 percent versus 4 percent for comparable non-assisted firms.¹⁴ In terms of employment growth, newly assisted firms had growth of 10 percent. Non-assisted and firms receiving SFA for a second (or more) time had little growth in first year. In the following period previously assisted firms declined by 4 percent with non-assisted firms growing by 7 percent. This suggests that while assistance promoted employment growth additional assistance may have a negative impact.

Scotland

Regional Selective Assistance

The Regional Selective Assistance ('RSA') fund is Scotland's equivalent of Northern Ireland's SFA. Its objective is to create and/or safeguard jobs by supporting capital and investment expenditure. However, it differs from the JEF because it does not place a limit on the amount of funding received per job created. The RFA also has a more regional objective than the national JEF.

Grants from £10,000 are based on a proportion of the investment (10, 15, 20 and 30 percent depending on the region) with no absolute upper level. In the period 2000-2004, 360 assisted businesses were offered £126.6m. This represented an average grant of £351,648 and a median of £100,000.

An evaluation of the period 2000-2004 indicated that the RFA was successful in selecting firms in their target group: young, dynamic Scottish firms with international links, rather than those with more of a local focus. There was also evidence that the displacement and deadweight effects may be low.

Support for firms was positively linked with employment but not productivity (although the latter may be due to the benefits of the grants not being fully realised by the time of evaluation). The cost-per-job was estimated to range between £13,272 and £34,419, with between 2,944 and 7,615 net additional jobs being created in 360 companies. The evaluation concluded that a high level of additionality and cost effectiveness was associated with Scottish RSA grants.

¹² See Evaluation of Selective Financial Assistance (SFA) in Northern Ireland, Hart, M., Driffield, N., Roper, S., and Mole, K., 2007, 1998-2004

¹³ This indicates that firms received very large amounts, which leads to the situation where the mean (average) exceeds the median

¹⁴ See Longitudinal Analysis of Invest NI Selective Financial Assistance (SFA) Using Longitudinal Business Survey Data 2007/08 - 2009/10, Hart, M., and Bonner, K., 2012

Future jobs fund

The Future Jobs Fund ('FJF'), a policy similar to the JEF, was operational in the UK between October 2009 and March 2011. Unlike the JEF, these jobs were not intended to be permanent, but employers were supposed to help employees move onto unsubsidised work after the programme. It was primarily focused on increasing 18-24 year-olds' participation in the labour market. Organisations were paid up to £6,500 per eligible employee hired for a six-month period. During its operation, just over 105,000 jobs were created at a cost of approximately £680 million.

A Department of Work and Pensions ('DWP') review used Propensity Score Matching to evaluate the impact of the policy. Two years after starting in the programme, participants were seven percentage points less likely to be receiving welfare and 11 percentage points more likely to be in unsubsidised employment when compared to those who had not participated in the programme. This showed the Future Jobs Fund had a positive impact on increasing youth participation in the labour market.

A cost benefit analysis performed by the DWP also indicated a net benefit to society of £7,750 per participant. This was calculated from a benefit to employees and employers of £4,000 and £6,850, respectively, while the Exchequer had a net cost of £3,100 per participant. Sensitivity analysis still showed a net benefit to society of £1,100 when using more conservative assumptions.

Australia

Employment pathway's fund

Job Services Australia commenced the Employment Pathway's Fund ('EPF') on 1st October 2009. It was similar to the JEF as it made payments to employers who hired employees with significant barriers to entering the labour market. However, it did not include stipulations similar to those of the JEF regarding company sales growth or length of employment.

From its formation to October 2011, 52,446 wage subsidies were paid with a total value of AUS\$162.2 million, or an average of AUS\$3,092 per wage subsidy.¹⁵ An evaluation of this period proved the subsidies were effective in reducing the time spent on income support in the months and years following the placement. The probability of being off income support 12 months after a job placement was 14 percent higher for those whose job placement received a wage subsidy.

However, it was noted that there is a large potential for deadweight. The majority of subsidies were allocated to job seekers who had been on income support for less than six months. While early intervention can reduce the number of future long-term unemployed, a large number of newly unemployed would avoid long-term unemployment without intervention. Thus, a scheme of this kind would benefit from more targeted subsidies.

Lessons from international comparisons

The review of available evidence on similar supports provided in other jurisdictions indicates the following lessons:

- There are no supports operated in other jurisdictions which are directly comparable to the JEF operated by Enterprise Ireland. This, in addition to the difficulty in controlling for a range of contextual factors, such as institutional framework, timeframe of support

¹⁵ See Employment Pathway Fund, 2012, Evaluation of Job Services Australia 2009-2012

programme, type of programme and type of assistance, etc., that impact on performance, mean that great care must be taken in comparing outcomes and drawing conclusions as to the relative effectiveness of similar schemes provided in other countries.

- Overall, where evaluations have been completed on similar programmes in Northern Ireland and in other regions of the UK and in Australia these suggest broadly positive impacts in terms of access to funding and deadweight, as well as impacts on outcomes such as sales, employment and productivity. All programmes also exhibit varying levels of deadweight and displacement, and additionality. In many instances, more detailed econometric modelling is, however, required to reach more robust conclusions.

Conclusions

Programme appropriateness

The external context within which Enterprise Ireland JEF (2010-2012) was developed has been shaped substantively by the impact of the recession in the Irish economy. This implies the need for a focus on developing new export markets to support job creation, in line with government economic and enterprise policy. The JEF remains an appropriate approach in this context, which is designed to encourage SMEs to expand through developing new export markets and in the process to expand their employment.

Programme funding and efficiency

From 2010 to 2012, a total of €10.85 million in funding has been approved by Enterprise Ireland under the JEF across a total of 96 different companies. Almost two-thirds of this funding has been provided to firms employing fewer than 50 persons, while supports have also been approved across a diversified sectoral profile of companies.

An issue which has implications for the extent to which outcomes and impacts from the programme can be identified concerns the extent to which companies have drawn down the funding approved. At the time of evaluation, the figures indicate that only €1.71 million in approved funding had been claimed by 2012. The research among assisted firms indicated that nearly 35 percent of JEF-supported companies have not drawn down their approved funding, while a further 56.5 percent have only partially drawn down funding. Only 8.7 percent of firms stated that they had fully drawn down their approved funding. The impact of the recession is evidenced from the finding that the main reason firms indicate for their not drawing down approved funding is that they have experienced a significant decline or loss in business.

An important factor impacting on overall funding efficiency is the extent to which supports can leverage private funding through assisted firms' own resources. Research among JEF-assisted firms indicates that the majority of investment has been funded through assisted firms' own resources, and this suggests that the JEF is likely to have resulted in leveraging private sources of funding.

Programme effectiveness

While it is too early to draw firm conclusions regarding the impacts of the JEF (given the short time period since funding approval, which commenced at a significant level only since 2011), this interim assessment suggests that the programme is progressing well and early indications suggest positive outcomes in terms of exports and job creation.

Initial examination of the performance of firms assisted by JEF funding in 2011 and 2012 indicated significant export growth among both cohorts of firms in these years. The evidence also suggests that employment growth has accelerated among firms approved for JEF funding. Survey research among JEF-assisted firms suggested that exports among JEF-assisted companies would have been about 12 percent lower than their current levels in the absence of the funding, while employment levels would have been around 13 percent below current levels. However, these figures may overstate the net impacts.

An initial analysis of comparative performance was also completed, based on a counterfactual relating to a control group of non-assisted Enterprise Ireland client companies. This suggests that JEF-assisted firms significantly outperformed in terms of export and employment growth, while they also appear to have weathered the recession better than non-assisted firms.

Based on primary research among JEF-assisted firms, it is estimated that the overall level of deadweight at approximately 70 percent. This is consistent with the assumed levels of deadweight recommended in the existing appraisal system applied by the development agencies in ex ante appraisal of projects of between 70 percent and 80 percent for expansion projects. The findings suggest that JEF-assisted firms' competitors are primarily international rather than domestic. In addition, while firms indicated that JEF assistance has had a significant impact in terms of helping to increase market shares, they also indicated that a low proportion of this has been at the expense of domestic/Irish competitors, suggesting that the extent of displacement arising from the provision of JEF funding is likely to be low.

In relation to wider impacts and benefits, research showed that a high proportion of firms indicated that the JEF has assisted them across a range of areas, including in relation to contributing to the overall viability of the company; assisting the company to enter new markets; improving the skill base of employees; and enhancing management development and capability. High levels of satisfaction among JEF-assisted companies are also found in relation to the design and delivery of the programme.

Synergies/overlap

Research among assisted firms indicated that the majority of JEF-supported companies consider that the JEF is one component of a range of inter-related and integrated business supports provided by Enterprise Ireland. In terms of synergies, it is notable that only 14 percent of firms believe that the JEF has some synergies/complementarities with other Enterprise Ireland business supports, while over one-quarter are of the view that the JEF is an independent initiative with no relationship to other Enterprise Ireland business supports. The views of assisted firms do not, however, suggest significant overlap or duplication with other supports, with only 2.3 percent of JEF-assisted firms responding to research indicating that there is significant duplication/overlap between the JEF and other Enterprise Ireland business supports.

Recommendations

The interim evaluation of Enterprise Ireland's JEF suggests that while it is premature at this juncture to draw firm conclusions regarding impacts, the programme is progressing well and the early indications suggest positive outcomes in terms of meeting its objectives in relation to employment growth. Companies supported by the programme also report wider benefits, including that the supports have helped their businesses to weather the current recessionary environment, and indicate generally high levels of satisfaction with the design and delivery of the supports. The following recommendations are made.

Objectives and connection to Enterprise Ireland strategy and national policy objectives

As part of the evaluation, it was concluded that taking into account the rapidly evolving economic and policy context, the programme is broadly aligned and remains appropriate in the context of national economic and enterprise policy. This is evidenced particularly in the increased focus given to employment creation and expansion of exports within the aims and objectives of the supports. However, while there is a broad consistency in terms of high-level objectives, there may be an absence of a sufficiently clear connection between individual measures, Enterprise Ireland's corporate strategy and national policy. This partly reflects the definition of Enterprise Ireland's mandate, but also the high-level nature of descriptive documentation available on the supports. This is an issue requiring consideration in future programme design and monitoring if effective ongoing evaluation is to be facilitated.

Application and drawdown process

As part of the engagement with firms assisted under JEF, an issue that was highlighted concerns the processes around application for and drawdown of funding approved. In discussing these aspects with assisted firms, the vast majority of firms acknowledge the need to rigorous systems to ensure proper governance around the operation of publicly funded supports. However, a number of firms also highlighted the extent of paperwork/documentation required and wondered whether this could be streamlined. They also noted that the online/web-based application process could be difficult to navigate and complete. It was noted that while the approval process typically involved a two- to three-month period, the overall process involved in accessing funds could take significantly longer. Where smaller levels of funding were involved, this was seen by some firms as being disproportionate and could impact on firms' incentive to apply for funding in the future while also impacting on cash flows.

Understandably, these are issues facing all companies but are more commonly raised among smaller companies, where the time and costs involved in preparing funding applications and subsequently in submitting documentation required to claim approved funding can appear disproportionate given their size, whereas larger firms and firms that have had a longer-term relationship with Enterprise Ireland tend to be more experienced in managing these processes. It is accepted that there is the need to ensure that appropriate procedures are applied in the approval and drawdown of publicly funded supports such as those provided under the JEF. However, there could be merit in examining the scope to further streamline the processes, particularly around the drawdown of approved funding, to help speed up access to funding and to minimise cash flow implications for companies.

Additional advice

A wider issue also highlighted in the engagement with firms concerns the 'softer', non-financial aspect of JEF support. This was particularly the case among smaller firms and firms with no previous experience of working with Enterprise Ireland, where it was often felt that they lacked the knowledge and experience required to prepare funding applications and to maximise the successful implementation of projects. In many cases perceptions and levels of satisfaction among assisted firms was also influenced significantly by their relationship with their Enterprise Ireland development adviser. This indicates an area where appropriately targeted further support and guidance during funding application and implementation stages could address these issues and enhance the overall prospects for successful implementation of projects. It is accepted, however, that any additional supports would be subject to resource constraints.

