

# Can Entrepreneurship Education Improve Work Opportunities for College Graduates?

Education is usually seen as a route for improving people's employment opportunities, but this hasn't proven the case in many developing countries. As the World Bank's 2013 World Development Report highlighted,

the mismatch between the skills and aspirations of college graduates and the realities of labor markets not only limits a country's economic development, but can also affect social cohesion. In the Middle East and North Africa, access to higher education has been booming and so have unemployment rates

among young adults. Joblessness and underemployment are viewed as some of the triggers of the Arab Spring, which started with Tunisia's so-called Jasmine Revolution in early 2011. Even before the Arab Spring, many countries in the region—and elsewhere—recognized the importance of improving employment opportuni-

ties for their citizens. Governments are still grappling with questions related to what programs work best and in what context.

The World Bank is committed to helping countries meet the employment needs of their people, part of the United Nations Sustainable Development Goals. In Tunisia, the World Bank worked with the government to evaluate a program designed to provide university students entrepreneurship education and assistance in developing a business plan. The evaluation found that the program—currently in its seventh year—increased self-employment and helped students develop some skills associated with successful entrepreneurship in the short term. Nevertheless, there were no sustained impacts four years after graduation. The results highlighted that limited access to capital was a key challenge for many aspiring entrepreneurs. As governments in the region are faced with high unemployment among skilled and educated youth, the lessons learned from the evaluation will help policymakers and development experts hone programs that deliver more sustainable impacts.

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SKILLS AND EDUCATION

## Context

The Government of Tunisia has long recognized the gap between the expectations of the growing number of college graduates and existing jobs in the economy. National unemployment is estimated to be about 15 percent, but similar to many countries in the Middle East and North Africa region, educated youth have higher unemployment rates than their less educated counterparts and they're also less likely to start their own businesses. To expand employment opportunities

among graduates, the government made changes in the undergraduate curriculum to introduce a special entrepreneurship track. Students in their last semester could receive entrepreneurship education and support developing a business plan. The program, which is ongoing, began in the 2009-2010 academic year and eligible students in the country's 12 public universities took part during the second semester, beginning in February 2010.

Evaluation

All 18,682 students in their third year, which is the last year of university (licence appliquée) were eligible to apply for the program in its first year of implementation. Just over 9 percent, or 1,702 students, filled out an application form. Some students applied in pairs, so the total number of registered projects was 1,506. Two-thirds of the applicants were women, which reflected their enrollment level in the universities. Because the program only had room for about half the number of applicants, the evaluation team was able to randomly assign half the students to the program and half to continue with the standard university curriculum. Randomization was conducted at the project level and stratified by gender and study subject. The treatment group included 856 students, and the control group 846 students. The students took part in the

entrepreneurship program between February 2010 and June 2010, when they graduated. About 67 percent of students finished the program’s first module, which included business training delivered by the public employment offices, and 59 percent completed both the business training and the coaching sessions. Follow-up interviews were conducted in-person between April and June 2011, a few months after the Tunisian revolution. Interviews included questions on employment, business skills, behavioral skills, personal aspirations, and attitudes. Researchers contacted the study participants for a second round of follow-up between March and June 2014, around four years after graduation. Eighty five percent of individuals in the original sample were re-contacted—and the tracking rate was similar in both the treatment and control group.

Findings

**The impacts of the program were short-lived: While students assigned to the entrepreneurship track were slightly more likely to be self-employed one year after graduation, there was no impact on self-employment four years after graduation.**

In the first follow up, which took place about a year after graduation, students who were assigned to the training program were about three percentage points more likely to be self-employed as compared with those who were not assigned to the training. Three years later, this difference had disappeared, with no lasting impact on self-employment. In the short-term, there were gender differences with regard to program impact, with men more likely to be self-employed a year after graduation. Over time, however, these gender differences disappeared, with male participants no more likely than female participants to be self-employed. At endline, male participants were no more likely than female participants to be self-employed.

**Both female and male participants were more likely to have had a project idea and to have realized it at some point in the past— but their success rate was the same as people who didn’t go through the program.**

The entrepreneurship track led to more business ideas and more attempts to realize those ideas. In 2014, 67 percent of participants reported having a project idea in the past, as compared to 58 percent in the control group. Overall, 28 percent of participants tried to realize those ideas at some point in the past, as compared to 19 percent in the control group. Although they were more entrepreneurial, their business ideas didn’t succeed at a higher rate than their peers who didn’t go through the program. While the program led to an increase in project ideas, attempts to set up projects were not sustained.

**The program itself was comprehensive and sought to give students what they needed to develop successful business plans. But it wasn't able to sustain the business plans they had developed.**

The program had two parts. The first consisted of a 20-day entrepreneurship course organized by the public employment office, which aimed to give students the business, behavioral and networking skills for successfully starting a business. Students were given training in developing business ideas, writing a business plan and managing a project. Subsequently, they presented their business plans to bankers and experts to get feedback. Students were given training and time to research implementation, estimate financial costs and build networks. In the next phase, students were assigned a personal private-sector coach and were supervised by a university professor to finalize their business plan. Students were expected to participate in eight coaching sessions. After graduating, the students could enter their plan in a competition for seed funding, which a small number of students were awarded. Four years later, however, graduates of the entrepreneurship track were no more likely than other former students to have an active project.

**The program boosted students' entrepreneurial knowledge in the short term, with some smaller lasting gains in the long term.**

One immediate goal of the program was to give students the technical and business know-how they needed to be entrepreneurs and to develop the necessary behavioral skills. After a year, 77 percent of participants reported knowing how to write a business plan, compared with 45 percent in the control group. That figure decreased to 60 percent in the treatment group after four years, however. And while some of this knowledge remained, there were no lasting effects on the participants' entrepreneurial spirit: Most students who had a business idea abandoned it and participants did not have more new business ideas as compared with those in the control group. The program had mixed effects on entrepreneurial and personality dimensions in the short term, with no lasting effects in the long term.

**Participants' business-related networks were no bigger after four years, although they were slightly better informed about how to apply for credit at a bank.**

After a year, program participants were more likely to know an entrepreneur or a banker, but after four years, that larger network seemed to have faded as well, with no real differences between the two groups. Those on the entrepreneurship track also understood slightly better how to apply for credit. Nevertheless, program participants are similarly skeptical, as compared to the control group, in their ability to obtain credit.



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**62 percent of those surveyed said that the biggest obstacle to realizing their business dream was their inability to finance their project.**

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**Program participants faced challenges in obtaining credit and access to startup funds, which likely contributed to their inability to set up or maintain their projects.**

Program participants were more likely to prepare a business plan in advance of setting up their projects, and as previously mentioned, sustained some of their entrepreneurial knowledge four years after graduation. However, the overall study results provide strong indications that skills may not be the main challenge facing these educated aspiring entrepreneurs. Indeed, during the follow-up survey, many participants reported difficulties in access to finance and 62 percent of those surveyed said that the biggest obstacle in realizing their business dream was an inability to self-

finance their project. Other challenges they reported included limited access to external financing, and burdensome bureaucratic procedures. Women reported facing additional obstacles, such as social pressures and difficulties in balancing professional and personal lives.

**Though program participants reported being more hopeful about their future a year after the program ended, that increased optimism faded in the long term as well.**

In the short-term, students in the entrepreneurship track were more optimistic about their overall prospects in the labor market and more likely to feel that they were moving forward in life, compared to those in the control group. But after four years, the differences between the control and treatment groups had largely faded.

## Conclusion

Long-term follow up of the program has provided critical insights into the challenges of providing effective entrepreneurship education. As the results highlight, limited access to capital remains a key challenge for many aspiring entrepreneurs. Policy makers can address this challenge directly by streamlining the bank loan process, providing cash grants to young graduates or seeking new approaches that remove barriers young people face in obtaining credit. Additional follow-up support after graduation, such as coaching and access to business development services to ensure that short-term gains are

sustained in the long term, may also be critical to ensuring success. Indeed, access to capital—not only skills—is oftentimes the main limitation that young entrepreneurs report facing when trying to start small businesses and create a better future for themselves and their families. As policy makers continue to seek innovative ways to meet the growing demand for jobs, the evaluation results have highlighted the need to continue searching for cost-effective programs that more broadly meet the needs of young, motivated and aspiring entrepreneurs.

(\*) The Strategic Impact Evaluation Fund, part of the World Bank Group, supports and disseminates research evaluating the impact of development projects to help alleviate poverty. **The goal is to collect and build empirical evidence that can help governments and development organizations design and implement the most appropriate and effective policies for better educational, health and job opportunities for people in developing countries.** For more information about who we are and what we do, go to: <http://www.worldbank.org/sief>.

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A short-term evaluation of the entrepreneurship track was released in a joint report by the World Bank and Tunisia's National Observatory for Employment and Skills (Observatoire Nationale d'Emploi et des Qualifications, ONEQ). The study was later published by Premand, P., Brodmann, S., Almeida, R., Grun, R., & Barouni, M. (2016): Entrepreneurship Training and Entry into Self-Employment among University Graduates, *World Development* 77, 311-327. doi: <http://dx.doi.org/10.1016/j.worlddev.2015.08.028>.

The World Bank team who led the long-term impact evaluation included Jumana Alaref, Stefanie Brodmann, and Patrick Premand. The ONEQ team comprised Nihel Khchine, Ezzedine Mosbah, Kefi Rahmani, and Walid Troudi under the overall guidance of Fakhri Zaibi. Quantitative data was collected by ISTIS. Marwen Hkiri and Zied Ouelhazi were responsible for supervision of data collection.

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