

Conclusions and recommendations of the National Audit Office

Entrepreneur education as part of vocational labour market training

Entrepreneur education is part of the vocational labour market training offered within the framework of employment services. The purpose of labour market training is to increase the demand for and supply of workforce on the labour market and to enhance its quality. In entrepreneur education, the aim is to provide the participants with more employment opportunities and with a stronger basis for employment and entrepreneurship. Entrepreneur education is also open to individuals that are not unemployed jobseekers.

The purpose of the audit was to assess the economic efficiency of entrepreneur education by examining the costs arising from the education and the process of purchasing the education services. The effectiveness and success of the education were assessed by analysing the labour market situation of the participants after they had completed the courses. The auditors also examined the uniformity of the education procurement and student selection methods in different regions by reviewing the practices applied by the Centres for Economic Development, Transport and the Environment (ELY Centres) in their cooperation with education service providers and other actors.

According to the audit results, entrepreneur education provided the participants with better employment opportunities. By disseminating good practices, the activities could be more extensively improved. The development proposals and good practices highlighted in the audit can be used in performance guidance as well as in the development of education services and the promotion of employment opportunities as the tasks become the responsibility of the counties at the start of 2020.

Entrepreneur education has little direct impact on central government finances

Entrepreneur education is funded from the appropriation allocated to the purchasing of labour market training in the administrative branch of the Ministry of Economic Affairs and Employment (item 32.30.51). The intended use of the appropriation allocated to entrepreneur education is not specified in the state budget.

According to the calculations produced for the audit, a total of about three million euros of national funds have been allocated to entrepreneur education annually in recent years. This figure does not include the education provided under the auspices of the European Social Fund (ESF) or coaching. About 3,000 persons receive entrepreneur education each year. This means that an average of EUR 1,000 is spent on each student taking part in entrepreneur education. The courses are of short duration and on average, each of them lasts for about one month. The details of the appropriations spent on entrepreneur education varied depending on the sources, which means that the correctness and comprehensiveness of the figures used by the auditors in their calculations could not be verified from other sources.

Entrepreneur education courses are of short duration

Inadequacy of objectives and monitoring data makes it difficult to assess entrepreneur education

No specific societal effectiveness targets have been laid out for entrepreneur education. Likewise, there are no targets on the basis of which its economic efficiency or cost effectiveness could be assessed.

The overall target set for vocational labour market training describing its gross impact (and not the net impact) is also used as the quantitative effectiveness target applying to entrepreneur education. A regional effectiveness target (gross impact) has been laid out for ELY Centres in their performance agreements. The target, which has been approved by the Ministry of Economic Affairs and Employment, has been adjusted in accordance with the economic situation. It was found out in the audit that not all of the targets have been met. Even though there were differences between the targets set for individual regions and their time spans, only a small number of ELY Centres had met their regional effectiveness targets between 2012 and 2016.

Entrepreneur education provided the participants with better employment prospects but generated little income for them

When the effectiveness of entrepreneur education was assessed, the impact of economic cycles and fixed effects describing the characteristics of the individuals concerned were taken into account standardised. The review covered the period between 2011 and 2015. The individuals selected for the assessment took part in entrepreneur education during 2014. The members of the control group did not take part in entrepreneur education or did not use other employment services during the same period. Based on the analysis results, entrepreneur education has improved the participants' employment prospects by an average of ten percentage points between 0.5 and 1.5 years after the education. Entrepreneur education has also led to a slight increase in the entrepreneur income of the participants even though only about ten per cent of the individuals included in the sample had entrepreneur income at the end of the period under review. In 2015, the income averaged about EUR 800.

It was also found out in the audit that the effectiveness target for vocational labour market training should be on a net basis. This is because the background assumption in the target-setting for gross impact is that that labour market measure is the only factor impacting the employment of the individuals concerned. In reality, an individual may also find work without these measures. In the net impact, the impact of the education is separated from other factors impacting the employment prospects.

Entrepreneur education could be made more effective by removing obstacles to entrepreneurship. One obstacle has been the reconciliation of entrepreneurship and unemployment security. However, the amendments to the Unemployment Security Act, which entered into force at the start of 2018, will make this easier. Under the amendments, a jobseeker can work as an entrepreneur for four months after the start of their business activities without losing their unemployment benefits. The effectiveness of the education could also be enhanced by better grouping of the students and by phasing the courses.

Efforts should be made to remove obstacles to entrepreneurship

Good practices can be transferred to counties

The responsibility for providing entrepreneur education services is in the process of being transferred to counties. The transfer involves risks pertaining to the continuity of the activities and the harmonisation of the information systems. These factors should be a consideration in any pilot projects.

Based on the audit findings, the Osaava Suomi (Finland knows) network coordinated by the Ministry of Economic Affairs and Employment can be considered a good practice under the existing system. The purpose of the network is to promote learning, strengthen a network-based approach and to reduce overlapping work. The network consists of procurement contact persons at ELY Centres, and other persons at ELY Centres and TE Offices responsible for planning and executing education purchases. Other good practices include the sharing of information between TE Offices, information briefings held after entrepreneur education courses and online training (webinars). The information briefings have also served as peer meetings for course participants. One benefit of online education is the opportunity to take part in the courses across regional boundaries. At the same time, foresight work and future seminars have produced new ideas and educational models for further development.

According to the audit, there are currently no significant differences in student selection and purchasing practices between entrepreneur education services in different parts of Finland. The practices have been in accordance with the legislation in effect. There are no major differences between cooperation practices either. In the selection criteria for entrepreneur education purchases applied by ELY Centres in 2016, quality had priority over price in all regions. The ELY Centres can themselves decide how to prioritise price and quality factors. The meeting of the objectives and targets for individual courses, which are laid out in the invitations to tender, is monitored during the courses and on the basis of final reports. Meeting of the quality requirements is also monitored with customer feedback. The feedback is not comprehensive, however, which can be considered a problem when quality is used as an important criterion in the purchasing of the education services.

Good practices should be considered when the responsibility for the tasks is transferred to counties

Recommendations of the National Audit Office

The Ministry of Economic Affairs and Employment should

1. develop the target-setting and monitoring indicators and ensure the correctness, comprehensiveness and uniformity of the monitoring data on entrepreneur education and the vocational labour market training in general.
2. assess the impacts of labour market training separately from other factors impacting employment.
3. work to ensure that as part of the regional government reform, consideration is given to the good practices of the existing labour market training and the continuation of the activities, uniformity of the services, functioning of the information systems and results of the pilot projects.