Abstract

In recent years business promotion programmes generated high interest among researchers. Many studies proved that business promotion programmes positively impact employment rate in different countries, contribute to the reduction of gender, age and wage gap in the labour market and increase the level of entrepreneurship. In practice, there are cases where business support programmes do not give the desired effect (for example, Argentina, project Jefes).

The purpose of the article is to evaluate the efficiency of business promotion programmes, researching the experience of the participants of business promotion programmes. The results of the empirical research enabled to establish the main reasons for participation in business promotion programmes (the wish to receive necessary funding, opportunities to make useful contacts, opportunities to get free systematised information necessary for business start-ups and others), the factors determining the efficiency of business promotion programmes (selection of the target group, arrangement of practical activities) and the obstacles for the efficient performance of the business promotion programmes (low personal interest, few opportunities to get funding).

With reference to the research results, the recommendations on how to increase the efficiency of business promotion programmes have been introduced too.

The type of the article: Research Report.

Keywords: business promotion, business promotion programmes, business.

JEL Classification: L26, M2.

1. Introduction

Development of the research problem. Self-employment and small enterprises are the key drivers for economic growth. Small businesses need a stable economic and business-friendly environment in order to grow (Hemming, 2011). According to Hemming (2011), over half of young people (52 per cent) have considered setting up their own business, but less than one in 10 (7 per cent) actually did.

Although entrepreneurship is encouraged and promoted in most countries, both the entrepreneurs who have just started their business and those who already operate in the market, face different business obstacles. With reference to ILO (2008), the main obstacles to seek the entrepreneurship are as follows: the lack of market access and information; the lack of affordable technology and training; the lack of sufficient financial resources to buy inputs in bulk; the lack of appropriate growth funding and low levels of education.

Comparing the obstacles in business that both genders are faced with, the authors have distinguished particular differences. For instance, women point out the balancing of work and family as the main obstacle determining entrepreneurship experience, while the social attitudes and access to capital take the second place. Finally, government procedures to register the business and the lack of governmental financial support schemes take the third place (Jamali, 2009). Meanwhile, men, according to Joona, Wadensjö (2011), find high taxes on entrepreneurial income, low incentives for private wealth accumulation and strict labour security legislation the main factors disturbing business development. The analysis of the scientific literature revealed that most scientists (Jamali, 2009; Okpara, 2011; Singh, Belwal, 2008; Brana, 2011, Wayland, 2011) are of
the opinion that some of the main barriers for business start-up are the lack of the access to starting capital and the lack of financial support. According to Okpara (2011), “lack of capital and the complexities of obtaining loans from financial institutions and government development agencies were also cited as major hindrances to small business development in Nigeria” (p.167).

Application of business promotion programmes to encourage the people seeking to start a business or develop it has become increasingly active (Michaelides, Benus, 2012; Caliendo, Künn, 2011; Cantner, Kösters, 2011; Månsson, Delander, 2011; Caliendo, 2009; Razavi, et. al., 2012 & etc.). The empirical research confirmed the benefits of business promotion programmes, namely the reduction of unemployment rate and discrimination by gender and wage in the labour market, and the establishment of new enterprises. However, in practice, there are cases when business promotion programmes do not ensure the expected effects. For example, the program Jefes in Argentina attracted only a small number of applicants. As it was established by Almeida and Galasso (2007), the programme failed to have any significant effect on individual income (especially earned by men) or the total household income from the labour market. Although the government of Malaysia created many innovative programmes to help the entrepreneurs to improve their business, Hassan and Chin (2011) state that these programmes were not very successful; only 13 per cent of the microenterprises were able to receive financial support from the bank.

The aim of the article is to determine the efficiency of business promotion programmes evaluating the experience of the participants. To achieve the aim of the article, the following objectives have been defined:

1) to review the experience of foreign countries and the main obstacles in implementing business promotion programmes;
2) to carry out the expert evaluation of business promotion programmes.

The methods of the research include systematic and comparative analysis of the scientific literature and expert evaluation.

The first part of the article presents a review of the experience of foreign countries and the main obstacles in implementing business promotion programmes. It has been concluded that the main barriers for business start-up are financial restrictions and the lack of business information. Such countries as Germany, Sweden, Romania, France, Spain and others eliminate these barriers by implementing business promotion programmes. The analysis of the scientific literature has revealed that not all the programmes of this kind have been successful.

The second part of the article presents the results of the expert evaluation of business promotion programmes. With reference to these results, the principles that could enable increasing the efficiency of business promotion programmes have been introduced.

2. Method

The role of self-employment in the labour market is seen as a solution to unemployment (European Employment Observatory Review, 2010). For instance, in Germany, the support for self-employment is an important measure for addressing unemployment. One fifth of all new self-employed people in 2009 were previously unemployed. Almost all countries have policies in place to support self-employment although, in some (e.g. Hungary, Turkey), it is not said to have been an important part of the political agenda (European Employment Observatory Review, 2010, p. 15).

Different countries offer a wide variety of labour market measures to promote self-employment: financial support (subsidies, loans, micro funding); provision of specific services for the people seeking self-employment; consultations; the measures reducing bureaucratic/administrational barriers; preferential conditions for the self-employed/tax reduction; the measures increasing motivation to start self-employment. Each country gives priorities to different ways of self-employment promotion. For example, analysing the data of the European Employment Observatory Review (2010), it was established that France and Germany focus on the unemployed activities (Almeida, Galasso, 2007).
while Sweden gives preference to the formation of the positive image of the self-employed by implementing public and educational campaigns. Other countries such as Finland and Ireland support innovations aiming to increase the motivation of the self-employed to develop their business.

One of the most important points of self-employment promotion is evaluation of the applied business promotion programmes. Recently the research of this kind has got more intensive, i.e. the researchers aim to establish whether the programmes provide the expected effects.

The analysis of the scientific literature has revealed that the efficiency of business promotion programmes is evaluated applying both qualitative and quantitative analysis. Quantitative analysis is applied by the authors who have the access to the data of the programmes implemented. Qualitative analysis (focus group, narrative interviews, survey, model of planned social change and others) is chosen by the scientists to whom the information on business promotion programmes is not available or such information is not accumulated at all.

The analysis of the ways to evaluate the efficiency of business promotion programmes showed that although the programme implementation may be related to particular problems (the examples of business promotion programmes in Argentina and Malaysia), generally the programmes have contributed to the increase of the rate of employment, reduction of wage differences in the labour market and the rise of the level of entrepreneurship in such countries as Germany, the USA, Romania, Sweden, Portugal, and Spain (Michaelides, Benus, 2012; Pardo-del-Val, Ribeiro-Sortiano, 2007; Lenchner, Wunsch, 2007; Caliendo, Künn, 2011; Baumgartner, Caliendo, 2008; Caliendo, 2009; Cantner, Kösters, 2011; Rodriguez-Planas, 2007; Månsson, Delander, 2011).

According to Metz (2007), the programmes (including business promotion programmes) should be evaluated for several reasons:

1) program evaluation may assist in determining “what works” and “what does not work.”  This reason enables establishing whether the people participating in business promotion programmes gain any benefits from them, whether the staff of the programmes have necessary knowledge and education to provide particular services, whether participants are satisfied with program services; whether the groups with particular status obtain deeper knowledge than other groups and so forth;

2) program evaluation may showcase the effectiveness of a program to the community and funders;

3) program evaluation may improve staff’s frontline practice with participants. This reason would reveal whether the staff have the necessary skills to work effectively with program participants or whether the staff are receiving the ongoing coaching and mentoring necessary to do their work;

4) program evaluation may increase the program’s capacity in conducting a critical self-assessment and making a plan for the future.

According to Nwankwo et al. (2010), business in different sectors deals with different market conditions, so different promotion forms are required. Nwankwo et al. (2010) established that business promotion for the people of other races is not well coordinated in the United Kingdom. The government framework/business model to provide the support is problematic and is not catering adequately to the needs of black businesses. The results of other research revealed that the lack of governmental support agencies as well as the lack of information, vital for local business service providers and businessmen, remain the main business obstacles in Nigeria (Okpara, 2011). Most of the respondents who were included in the research in Nigeria marked that the process of obtaining support from the government is not only difficult and discouraging but also is based on bribery and political connections. Hassan and Chin (2011) state that while there are many programmes provided by the government, the rigidity of the procedures hampers the smooth success of the programmes in Malaysia.

Dreisler et al. (2003) researched that the main stages of business promotion programmes in Denmark were the identification of the target groups of the people seeking for entrepreneurship (for example, female entrepreneurs, the student entrepreneurs, the unemployed) and the establishment of the attitude (positive or negative) of particular groups towards the entrepreneurship. The research revealed that the target segments have to be carefully analysed and only then one or some target groups to whom the support to start/develop business is going to be provided have to be formed. This proposition was
confirmed by Gerher (2001) whose research showed that distributing business support for different target groups (the unemployed, youth, women) gave even better results than the ones obtained in Russia. Dreisler et al. (2003) revealed that the negative attitude towards an entrepreneur could be improved by the government by supporting the entrepreneurship through the school system and influencing the formation of the general positive society’s attitude towards the entrepreneurship.

Although one of the main barriers for a new business is the financial constraint or the failure to obtain credit, people seeking the entrepreneurship face other obstacles as well such as finding suitable employees, meeting the legal, administrative and governmental requirements, keeping in contact with customers (Lithuanian Department of Statistics, 2007) as well as dealing with political risks and bureaucracy. With reference to the data of the project called “Start” in Lithuania, the lack of skills, work experience, and the information about different support networks, the insufficient development of entrepreneurship as well as market barriers are considered to be the common obstacles for business start-ups (Start., 2013).

In order to eliminate these obstacles, starting entrepreneurs or the people seeking to establish themselves in the market as self-employed persons take part in different business promotion programmes. The main reasons (motives) why people/companies participate in business promotion programmes have been summarized in Table 1.

<table>
<thead>
<tr>
<th>Author</th>
<th>The motives for participation in business promotion programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vogler-Ludwig, 2008</td>
<td>Vocational training, the external assessment of the business plan, the volume of the seed capital</td>
</tr>
<tr>
<td>Baumgartner, Calliendo, 2008</td>
<td>Personal income, change of status in the labour market (from the unemployed)</td>
</tr>
<tr>
<td>Hassan, Chin, 2011</td>
<td>Possibility to eliminate financial difficulties</td>
</tr>
<tr>
<td>Almeida, Galasso, 2007</td>
<td>Social guarantees, grants and technical assistance to participants</td>
</tr>
</tbody>
</table>

To sum up, it may be concluded that the motives for participation in business promotion programmes are similar to the barriers for starting the entrepreneurship. Most participants seek to solve their business and financial problems, obtain knowledge on the issues of starting/developing a business, and get expert advice. The main obstacles for implementing business promotion programmes are as follows: difficult procedures of application, not all interested people can apply for financial support, and the improper distribution of financial support.

In order to evaluate the efficiency of business promotion programmes, the expert evaluation was carried out. During the research, the efficiency of business promotion programmes was evaluated by the experts with the work experience of participating in/evaluating business promotion projects (programmes) lasting for at least 3 years. The experts were presented with the questionnaire prepared in advance, which asked them to evaluate particular statements in points from 1 “totally unimportant” to 5 “totally important” (Likert scale).

The chosen experts are involved as professionals in evaluation of business plans provided by the participants of business promotion programmes, and represent the companies that encourage individual entrepreneurship (for example, Kaunas Chamber of Commerce, The Net of Lithuanian Businesswomen, The Fund of Business Angels and other institutions). Expert questioning was performed in Kaunas City District, from 09 10 2012 to 09 11 2012.

Calculated value of Cronbach’s alpha (α = 0.766) revealed that the questions properly reflect the researched value. The answers of the experts are considered statistically reliable since the value of p is lower than 0.05. The questionnaire was made from five questions:

1) What main reasons could determine the increasing interest in business promotion programmes?
2) What factors determine the efficiency of business promotion programmes?
3) What age group should the business promotion programmes be mostly oriented to?
4) What employment status groups should primarily be motivated by implementing business promotion programmes?
5) What common barriers are encountered in implementing business promotion programmes?

3. Results

Answering the question “What main reasons could determine the increasing interest in business promotion programmes?”, the experts marked the wish to get the lacking funding for business as one of the main reasons (mean 5; mean rank 17.83). The second important reason for the participation in business promotion programmes, in the opinion of the experts, is the possibility to access free systematised information necessary for a business start-up (mean 4.33; mean rank 12.92). Other proposed reasons gained almost similar evaluations: possibility to increase qualifications, obtain and accumulate the knowledge necessary for a business start-up and development (mean 4.16; mean rank 11.67) and the possibility to make useful contacts while participating in business promotion programmes (mean 4; mean rank 11).

The main factors determining the efficiency of business promotion programmes, according to the results of the expert evaluation, are as follows:
1. Selection of the target group, for example, the program designed to promote women’s entrepreneurship (mean 5, mean rank 17.83);
2. Invitation of interesting lecturers (mean 4.5; mean rank 14.08); participation of famous successful businessmen (mean 4.5; mean rank 14.08); organising of practical activities (mean 4.5; mean rank 14.58);
3. Training orientation towards the groups of a particular social status (the youth, the unemployed, owners of new enterprises, older people and so forth) (mean 4.33; mean rank 13.83);
4. Sufficient funding (mean 4.16; mean rank 12.42).

Although the experts agree that recently Lithuanian people have shown an increasing interest in business promotion programmes, the increase is not sufficient. One of the main barriers in implementing such programmes still remains low participants’ interest (mean 3.83) and the failure to meet participants’ expectations (mean 3.83). Another important barrier, according to the experts, is poor funding of business promotion programmes (mean 3.66). In practice, the number of the people participating and interested in business promotion programmes is higher than the amount of the financial support for business. Experts did not agree with the statement (mean 1.83) that negative attitude towards business promotion programmes is still prevailing in Lithuania.

The results of the expert evaluation have been presented in Table 2.

Table 2. The results of the expert evaluation

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Alternatives</th>
<th>Mean value</th>
<th>Mean rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What main reasons could determine the increasing interest in business promotion programmes?</td>
<td>The wish to get the lacking funding for business</td>
<td>5.00</td>
<td>17.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Possibility to make useful contacts</td>
<td>4.17</td>
<td>11.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Possibility to access free systematised information necessary for business start-up.</td>
<td>4.33</td>
<td>12.92</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Possibility to increase qualifications and accumulate the knowledge necessary for business start-up and development.</td>
<td>4.00</td>
<td>11.00</td>
</tr>
<tr>
<td>2.</td>
<td>What factors determine the efficiency of business promotion programmes?</td>
<td>Selection of a particular target group, for example, the program designed to promote women’s entrepreneurship.</td>
<td>5.00</td>
<td>17.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Invitation of interesting lecturers</td>
<td>4.50</td>
<td>14.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sufficient funding</td>
<td>4.17</td>
<td>12.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participation of famous and successful businessmen</td>
<td>4.50</td>
<td>14.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organising practical activities</td>
<td>4.50</td>
<td>14.58</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training orientation towards the groups of particular social status (the youth, the unemployed, owners of new enterprises, older people and so forth)</td>
<td>4.33</td>
<td>13.83</td>
</tr>
</tbody>
</table>
### Table 1: Evaluation of Business Promotion Programmes

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Alternatives</th>
<th>Mean value</th>
<th>Mean rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>What age group should the business promotion programmes be mostly oriented to?</td>
<td>Youth (aged from 15 to 29)</td>
<td>4.50</td>
<td>14.58</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle-aged people (from 30 to 59)</td>
<td>4.50</td>
<td>13.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Older people (aged from 60 and older)</td>
<td>2.50</td>
<td>4.42</td>
</tr>
<tr>
<td>4.</td>
<td>What employment status groups should primarily be motivated by implementing business promotion programmes?</td>
<td>The unemployed</td>
<td>3.00</td>
<td>7.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pupils and students</td>
<td>3.67</td>
<td>9.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employed people</td>
<td>3.50</td>
<td>7.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Founders of small and medium enterprises</td>
<td>4.50</td>
<td>14.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual self-employed people</td>
<td>4.17</td>
<td>11.00</td>
</tr>
<tr>
<td>5.</td>
<td>What common barriers are encountered in implementing business promotion programmes?</td>
<td>Low participants’ interest</td>
<td>3.83</td>
<td>9.92</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Failure to meet participants’ expectations</td>
<td>3.83</td>
<td>9.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Poor funding</td>
<td>3.67</td>
<td>9.42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative attitude towards business promotion programmes</td>
<td>1.83</td>
<td>2.42</td>
</tr>
</tbody>
</table>

The principles of establishing and evaluating business promotion programmes in order to ensure the efficiency of these programmes are presented in Figure 1.

- Age
- Gender
- Race
- Employment status
- Financial support
- Training
- Skills development

1. Selection of a target group and a target sector
2. Establishment of participants’ needs and motives
3. Survey of the participants in order to increase the efficiency of business promotion programs
4. Monitoring the performance of the people / enterprises that were granted the support, and public announcement of final results

**Figure 1.** The principles of establishing and evaluating business promotion programmes (prepared by the authors)

As it is demonstrated in Figure 1, in order to ensure the efficiency of business promotion programmes, at first target groups / sectors must be selected by age, gender, race and employment status. In the opinion of the experts, founders of small and medium enterprises (mean 4.5) and...
individual self-employed people (mean 4.16) should be primarily encouraged to use the benefits of business promotion programmes. Entrepreneurship among pupils and students should also be motivated (mean 3.6). The group of people with the status of the unemployed was marked by the experts as less important. According to the experts, the unemployed are less inclined to start private businesses despite favourable opportunities. The unemployed usually become self-employed only because of the necessity to support their families and survive the period of decline. That is why their businesses are usually short-lived compared to the ones started by the people who are able see opportunities for business start-ups in the labour market. The most promising groups for business creation are the youth (aged from 15 to 29) and middle-aged people (from 30 to 59), as it was stated by the experts. Average values of experts’ answers considering the age interval are equal to 4.5 points.

The second step in establishing and evaluating business promotion programmes is determining the participants’ needs and motives, i.e. it is important to find out what motivates people to participate in business promotion programmes. Determining the motives would enable to adjust the contents of business promotion programmes. The purpose of the third step is the survey, the results of which would enable to disclose the strengths and weaknesses of business promotion projects. Finally, the authors of this article suggest monitoring the performance of the people and enterprises who have received the support. In order to encourage the entrepreneurship and form a positive image of entrepreneurs, it is advisable to announce final results publically and popularize the cases of business success in the society.

4. Discussion

Business promotion programmes are just one of the measures to encourage individual entrepreneurship. With reference to the Organisation for Economic Co-operation and Development (OECD) (2005), there is no single model for entrepreneurship development and its practical application. That is why it is not always clear how entrepreneurship should be developed in the best way. The scientific literature admits that in order to encourage people to seek self-employment, plain financial support and provision of information on business start-ups / development is not enough. It is extremely important to develop features of an entrepreneur, provide the knowledge on entrepreneurship in certain educational institutions, ensure business-friendly environment and, most of all, create favourable conditions for business development.

Frequently, the business promotion programmes are intensively advertised before starting them. Unfortunately, once they end the evaluation of these programmes is seldom performed. The data reflecting whether the needs and motives of the participants have been satisfied and whether the programmes have met the expectations is not accumulated; there is a lack of information on how much business promotion programmes contribute to the creation of individual business or to its development. In this article, using the method of expert evaluation, it has been established that the main reason for participating in business promotion programmes is financial support for business, lack of which is considered to be one of the crucial barriers to start a business. Selection of the target group was pointed out to be the main factor determining the efficiency of business promotion programmes. The fact that selection of the target group and the particular target sector is one of the main factors to ensure the success of business promotion programmes was also confirmed by foreign authors (Dreisler, et. al., 2003; Nwankwo, et. al., 2010; Gerher, 2001).

Although Lithuanian people show an increasing interest in business promotion programmes, the experts are of the opinion that they often fail to meet individual expectations. As a result, in the future it is recommended to consider the motives of the people participating in the programmes of this kind and group the participants accordingly directing them to the programmes best suited for their individual needs. The other barrier highlighted by the expert evaluation is poor funding of business start-ups. The fact that the conditions of business environment, the level economy and the attitude towards an entrepreneur differ in the developed and less developed countries has also been confirmed by the results of the expert evaluation. According to the experts, business support for the
unemployed is the least efficient. In Lithuania, negative attitude towards an entrepreneur is still prevalent, and the biggest part of the society sticks to the opinion that an unemployed person can use business support for different purposes while in Germany and France support of the unemployed shows notably positive results.

In order to ensure the efficiency of business promotion programmes, the authors propose the following principles as guidelines for establishing and evaluating business promotion programmes: firstly, target groups and sectors should be selected by determining participants’ needs and motives; feedback should be obtained at the end of the programmes by conducting a survey; finally, it is advisable that the performance of the people / enterprises who received the support is monitored.

References


