An investigation of inefficiencies and additionality in enterprise support: A framework for evaluating the Irish enterprise support system

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1. Introduction

SMEs contribute significantly to the Irish economy accounting for 99% of all enterprises, two thirds of private sector employment and approximately half of value added (CSO, 2012). European SMEs make a similar sized contribution to the wider EU economy (European Commission, 2012). However, this contribution is hindered by challenges which SMEs face including poor access to finance, poor managerial competencies, low economies of scale, little up-to-date market knowledge, and failure to adapt to new technologies (Lauder, Boocock and Presley, 1994; Hallberg, 1999; European Commission, 2009; The Advisory Group for Small Business, 2011; Lawless, McCann and NcIndoe-Calder, 2012). Previous research shows that such challenges stem from market failures, such as lack of availability of sufficient finance to help enterprises develop, or the presence of externalities (Audretsch, Grilo and Thurik, 2007).

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The need to address these challenges has been recognised in Irish industrial policy since the early 1980's, and has been included in key policy strategy documents such as the Telesis Report (1982), the Culliton Report (1992) and the Enterprise Strategy Group Report (2004). The focus of industrial policy on SMEs has continued and has resulted in a large proportion of Irish exchequer spending being allocated to support these enterprises. While many areas of government expenditure are currently being cut, the spending on enterprise support is set to remain relatively stable in the medium term amounting to €2.3 billion between 2012 and 2016, and accounting for approximately 14% of capital expenditure (Department of Public Expenditure and Reform, 2011). The proportion of this spending allocated to SMEs is primarily administered by two state agencies. The City and County Enterprise Boards (CEBs) offer supports to micro enterprises and Enterprise Ireland primarily offers supports to High Potential Start-Ups and internationally trading SMEs. In terms of expenditure the majority of support offered to SMEs is accounted for by payments to SMEs in the form of grants. These financial supports are often issued to enterprises as part of a package of assistance, which also includes soft supports such as mentoring and networking facilitation.

While Irish policy documents have advocated such intervention they have also expressed the requirement to evaluate the effectiveness of such approaches (for example Telesis, 1982). Furthermore, with such high levels of expenditure, combined with constraints on public finances, evaluation of such interventions is more critical than ever to ensure that they are cost effective (Lenihan, 2011). Though the intention to evaluate has been expressed through the commissioning of a "Framework for Evaluation of Enterprise Supports" by Irish enterprise policy advisory board, Forfas (2011), the number of evaluations carried out in the

Irish context has been relatively small when compared to other countries such as the UK (Lenihan, Hart and Roper, 2005).

This paper explores the key aspects of conducting evaluations of government sponsored enterprise support. This begins with an examination of what is sought through evaluation, namely additionality. It then explores deadweight and other inefficiencies which have been discovered separately in various government sponsored support schemes for enterprises around the world. The potential links between these inefficiencies are then presented for the first time in a single framework and propositions based on this framework are developed for use in future evaluations. Evaluation methodology frameworks are then explored to assess how enterprise support inefficiencies can be better evaluated. The final section of this paper examines how these frameworks can be deployed in an Irish context.

2. Additionality

Many of the evaluations that have been conducted on various government sponsored support schemes around the world attempt to measure the impacts of support in terms of propensity to start-up enterprises, growth, survival and changes to level of employment. These studies have varied significantly in their findings, depending on jurisdiction, the system of support and evaluation methodology employed. The commonality across these evaluations is that they typically attempt to gauge the level of additionality. This is the additional economic activity that is attributable to intervention (Lenihan, Hart and Roper, 2005) and can occur on three levels; output, input and behavioural.

Output additionality is one of the most frequently measured types of additionality, and involves examining metrics such as enterprise sales growth, profitability, patents, new

product development and improved productivity. Studies which focus on individual metrics may not fully explain the impact that support has on the business or on the wider economy. For example, Clarysse, Wright and Mustar (2009) noted in relation to R&D supports that evaluation of output additionality may fail to measure the wider effects of government intervention such as impact on other processes of the enterprise, outside of the supported project, or impact on the wider sector in which the supported firm participates. Furthermore, there may also be a considerable length of time between realising the goals of a supported project, such as developing a product, and realisation of the true impact of those achievements, such as long term increases in sales.

Another facet of additionality that has been prominent within evaluations has been input additionality and refers to a supported firm investing further resources as a result of receiving support (Heijs, 2003; Georghiou, 2004). From an enterprise financing perspective, inputs into supported projects and enterprises are automatic in an Irish context, with EU rules specifying maximum thresholds for government inputs into supported projects. However, to assess additional inputs, it is imperative to measure how much of this investment would have been conducted on the part of the enterprise in the absence of support, and if government support has solely substituted private investment.

The final level of additionality is the influence of support on behavioural aspects of the enterprise and the entrepreneur. Behavioural additionality has been rarely examined in evaluations, yet it is of considerable importance to the enterprise (Lenihan, 2011). Georghiou (2004) outlined that this can include features such as incentivisation to grow and acquire new skills, interaction and networking with other firms and stakeholders, and the impact of overcoming firm lock-in failure, in relation to new technologies.

These different levels of additionality show that support can have effects in all aspects of the enterprise and to effectively evaluate support all of these must be examined. To discover such additionality, studies seek to examine the counterfactual situation. This situation refers to what would have happened in the absence of intervention. However, through exploration of such a counterfactual view in previous studies, it is apparent that support may be put to inefficient uses. The next section of this paper explores one such inefficiency.
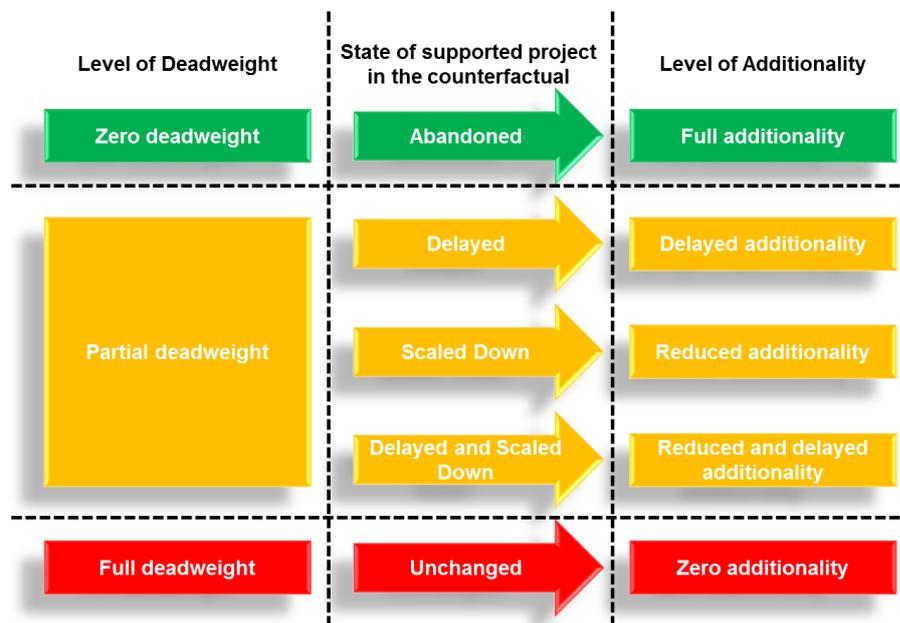
3. Deadweight

Examination of literature reveals a number of features of enterprise support which may diminish the effectiveness of such intervention. For the purposes of this paper these are grouped under the term inefficiencies. Prominent among these is deadweight. This refers to the counterfactual situation whereby a supported enterprise would have achieved the same results in the absence of support (Lenihan, Hart and Roper, 2005).

Deadweight is a challenge that is recognised by Irish enterprise support agencies. For example the CEBs state that they will not support projects which would result in deadweight (CEB, 2005). Yet in an Irish context deadweight has been found to occur at higher levels than in studies in other EU jurisdictions (Lenihan, 2004). Regardless of differences across schemes and jurisdictions, deadweight at any level represents intervention without additionality or with a lower level of additionality than what might have been desired by policy makers. In her first study of deadweight, Lenihan (1999) outlined that deadweight can occur on a number of levels. These levels of deadweight and their relationship to additionality are shown in figure 1. Zero deadweight refers to a situation whereby a supported

project would have been abandoned completely in the absence of intervention, thus representing full additionality. Partial deadweight refers to a situation whereby a supported project would have been carried out over a longer time period and/or on a smaller scale, representing some additionality. Finally full deadweight occurs when a project would have been carried out unchanged had support not been available.

Figure 1: Relationship between deadweight and additionality

Level of Deadweight	State of supported project in the counterfactual	Level of Additionality
Zero deadweight	Abandoned	Full additionality
Partial deadweight	Delayed	Delayed additionality
	Scaled Down	Reduced additionality
	Delayed and Scaled Down	Reduced and delayed additionality
Full deadweight	Unchanged	Zero additionality

Source: Developed by the Authors based on Lenihan (1999)

The studies of deadweight have varied in the depth of which they explore this concept. Some, such as Fitzpatrick Associates (2003) in their study of Irish CEBs, estimated the number of instances of support which displayed zero, partial and full deadweight, but this study did not examine how this was caused or what effect this had on additionality. Others such as Lenihan (1999), Hart and Lenihan (2006) and Tokila, Haapanen and Ritsilä (2008) have explored the presence of deadweight in relation to enterprise characteristics such as age, size, sector and location, and the intensity and type of support issued. From these studies it is inferred that

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larger enterprises display a lesser requirement for support and a greater degree of deadweight due to having greater access to finance relative to smaller enterprises. Heijs (2003) also explored the relationship of access to finance and "Freeriding"; a similar concept to deadweight. This study linked enterprises substituting private funds with public funds and also their accessibility to finance with Freeriding. However, Hart and Lenihan (2006) suggested that externalities may mitigate for deadweight. They discovered that the support received by enterprises may be used to leverage additional inputs from external financiers or enhance the supported enterprise's reputation with financiers.

While these studies have provided useful insights regarding identification of enterprises likely to create deadweight, these have not provided significant insight into what causes deadweight beyond accessibility of finance. Lenihan (1999) explained that receipt of support may mitigate risk and therefore encourage a project to only proceed with support regardless of availability of finance. However, this is not quantified within the sample. An evaluation by PACEC (2002) provided other reasons why a project may be abandoned should support not be available which include uncertainty of technical or commercial feasibility, risk, and lack of commercial or technical knowledge. However, to the authors' knowledge, these factors have not explicitly been included in any evaluation specifically concerned with deadweight. Yet these features are important as they may represent behavioural additionality arising from support.

4. Further Inefficiencies in Enterprise Support

Exploration of the literature surrounding government intervention reveals other inefficiencies which may diminish the effectiveness of support. Each of these will be outlined in this

section and are divided into two categories. The first group are those which arise through the demand side (enterprise), while the second group develops through the supply side (agency/policy).

On the demand side, information asymmetries can occur during the support process where the agency issuing the support does not have access to the same information as the applicant for support regarding the enterprise's requirement for assistance (Wren, 2003). This may be overcome through effective and in-depth evaluation of applications for support by the agency. However, the costs of conducting such in depth evaluation of individual applications can mitigate for savings made by eliminating incorrect issuance of support (Swales, 1997). Where such information asymmetries exist, the firm is able to extract an "information rent" (Wren, 2003). This is related to a second type of inefficiency known as rent seeking, which has been noted by policy makers. For example, Culliton's (1992) review of the Irish system of support highlighted that there was a "grant seeking mentality" within Irish enterprise. There are also examples of rent seeking in evaluations, in other jurisdictions. For example, in a review of Swedish enterprise supports Bergstrom (2000) noted that short term increases in performance may have been due to owner managers spending time 'subsidy-seeking' rather than concentrating on improving productivity. The final demand side inefficiency is substitution and refers to a situation whereby private funds are substituted or crowded out by government assistance. Substitution has also been linked to deadweight, in that support may replace private sector finance on projects that would have allowed the supported project to proceed in the absence of intervention (Lenihan, 1999; Heijs, 2003). Substitution may arise in a number of forms, either through directly cutting down internal investment in favour of using support, or through enterprises not raising external, private sector finance to support projects despite having the ability to do so (Heijs, 2003).

Three further inefficiencies arise on the supply side. The first of these is based on many enterprise support schemes, such as Irish enterprise support, being discretionary with funds allocated or refused based on the firm's requirements and the most effective use of public funds. This requires state agencies to gather information on applicants for support and gauge the requirement and relevance of assistance to the applicant (Wren, 2003). However, to do this in an effective and accurate manner is a costly exercise for agencies. Furthermore there is a risk with discretionary assistance that enterprises may be rejected for assistance, when they actually may require it. The task of allocating funds is difficult given the presence of asymmetric information between the firm and the state agency (Wren, 2003). Thus, within the process of administering support there is a risk of agencies misperceiving market failure (Tokila et al, 2007).

The second supply side inefficiency is selection bias. This can also be referred to as selection effect or picking winners and occurs where a firm may be selected for assistance, by government agencies, due to its high growth potential or characteristics that indicate it will succeed. If the firm assisted has high growth potential or is likely to succeed, the assistance may be unnecessary or its impact may be reduced (Roper and Hewitt-Dundas, 1998; Hart et al, 2000; Roper and Hart, 2005). As O'Gorman and Cooney (2006) noted, selection bias may be inherent to some enterprise policies, citing Enterprise Ireland's High Potential Start-up (HPSU) programme as an example of this.

The final and most prominently reported supply side inefficiency is the fit between the type of assistance or policy and the challenges that the enterprise faces. For example, Roper and Hewitt-Dundas (1998) discovered that in both the Republic of Ireland and Northern Ireland,

productivity in assisted enterprises fell as a result of receiving assistance due to the encouraging increased and unnecessary employment. Similarly, Hart, McGuinness, O'Reilly and Gudgin (2000) stated that if assistance encourages enterprises to employ unnecessary additional staff, particularly for core activities, the supported enterprise may become overstaffed and inefficient, and consequently suffer when assistance ceases. Furthermore, in a study of Swedish enterprise supports, Bergstrom (2000) found that firms that received capital subsidies were only likely to have a short term increase in productivity and that the more subsidies firms received, the more inefficient they became.

This may stem from the fact that enterprise support programmes are frequently standardised and so there may be a mismatch between the requirements of the individual enterprise and the enterprise support instruments (Curran, 1999). This affects applicability, impact and uptake of support by enterprises. Similarly, in a study of Swedish entrepreneurship support, Jenssen and Havnes (2002) found that there was a poor uptake by high-tech companies potentially due to the failure or inability of support agencies to keep up with technological developments. Boter and Lundström (2005) in a separate Swedish study stated that catering to a heterogeneous population of entrepreneurs and enterprises was a key challenge for standardised policy and support mechanisms. However, they found where there was a wide range of support systems and different schemes in place it resulted in confusion among entrepreneurs as to which scheme was applicable to them.

These inefficiencies represent barriers to achieving the goals of enterprise policies and addressing the needs of the enterprise. Therefore, a greater understanding of these concepts is required to ensure a more efficient system of support and better use of public funds. However, to date these inefficiencies have been typically examined in isolation. Yet

commonalities can be found between them. Furthermore, these inefficiencies may offer further insight into how deadweight is created. The next section of this paper further explores the potential links between these inefficiencies, deadweight and additionality to develop propositions for use in future evaluations of enterprise support.

5. Potential links between inefficiencies

The previous sections outlined seven inefficiencies, including deadweight, information asymmetries between government support agencies and SMEs, rent seeking by SMEs, substitution of private finance with public funds by SMEs, misperception of market failure by government, selection bias by government agencies, and the appropriateness of support for the issues SMEs face (Lenihan, 1999; Roper and Hewitt-Dundas, 1998; Bergstrom, 2000; Heijs, 2003; Wren, 2003; Boter and Lundström, 2005; Tokila et al 2007). Figure 2 illustrates how these inefficiencies may be linked to one another and is described in this section through a series of propositions.

Figure 2: Proposed links between inefficiencies and additionality
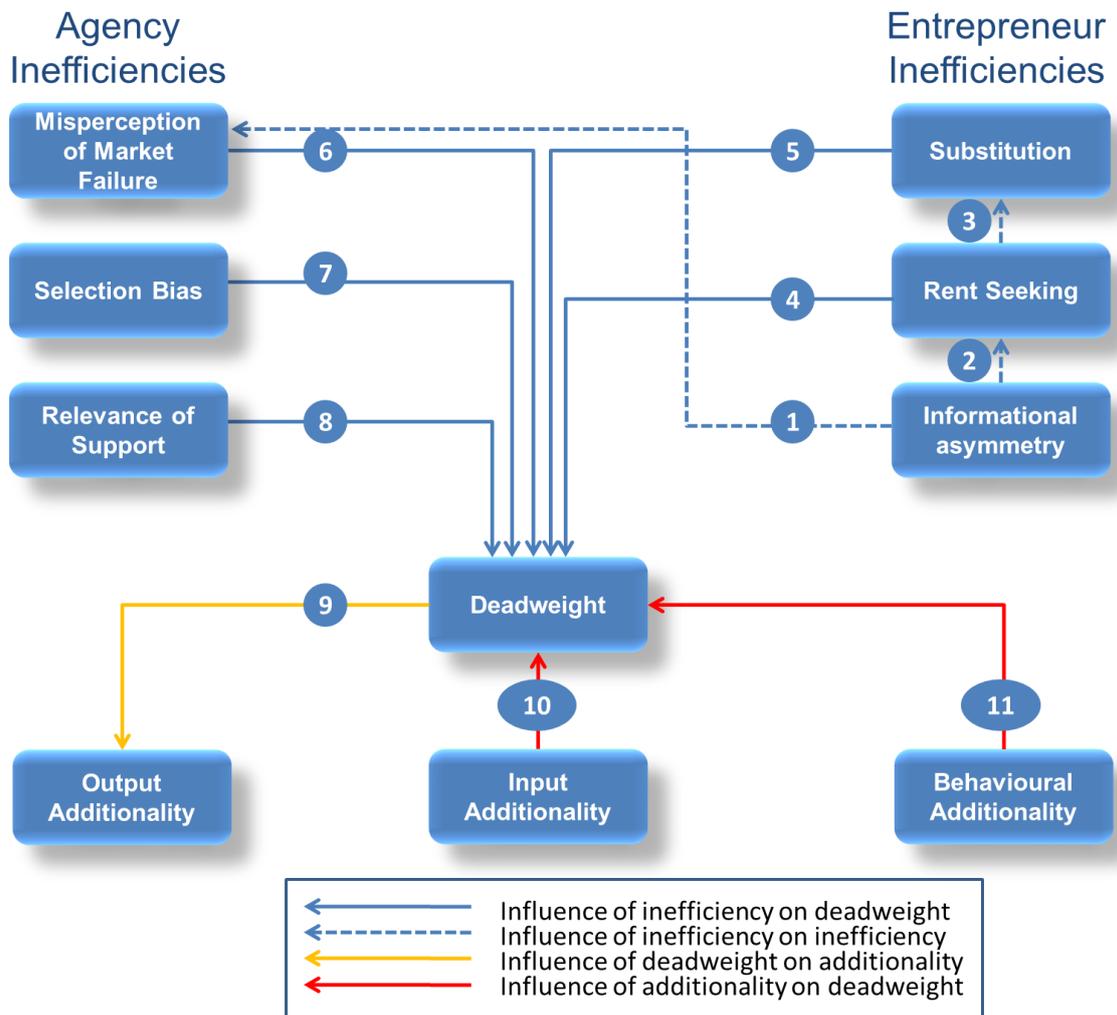
Source: Authors, 2013 ©

Where information asymmetries exist, an agency may not be aware of all aspects of the enterprise such as their access to finance. This may lead the agency to incorrectly assess the applicant enterprise's exposure to a market failure. This is the first proposition and is illustrated in point 1 in Figure 2. Similarly, as noted by Wren (2003), information asymmetries potentially create suitable conditions for the applicant enterprise to engage in rent seeking, as illustrated by point 2. Furthermore, should an enterprise be able to gain funding through rent seeking, these funds could potentially be employed as a substitute for

other available finance (point 3). In the case of rent seeking, this represents an unnecessary allocation of resources to the enterprise and therefore has a non-additional purpose. This may lead to deadweight (point 4). Similarly, where assistance crowds out private investment through substitution the same outcome for the enterprise may have been possible without support. This may also translate into deadweight (point 5).

With regard to inefficiencies on the supply side of support, if an agency were to perceive a market failure where none existed, support may be issued where it was not required. Thus the potential for deadweight may arise (point 6). Alternatively, an agency may not recognise the requirement for support in an enterprise and not issue support where required. Furthermore, where the agency is engaging in selection bias it is supporting enterprises which are more likely to perform at higher levels than other firms. In such a situation these high performing enterprises may be more capable of achieving the same results in the absence of support and therefore may be more likely to exhibit deadweight (point 7). The final supply side inefficiency is where an agency issues the wrong type or volume of support for needs of the applicant enterprise. If the support does not address the challenges faced by the enterprise, the enterprise may not be able to achieve anything more than it would in the absence of support. Similarly, if an excessive amount of support is given there may be unnecessary spending on the enterprise. Both of these situations may give rise to deadweight (point 8).

The basic relationship between additionality and deadweight was expressed in figure 1. However, previous evaluations which have examined deadweight have only examined individual aspects of addtionality. Examination of the relationship between deadweight and addtionality may be more complex when additionality is considered at all three levels. For example deadweight may result in a reduction of the amount of enterprise outputs attributable

to support, thus there is an inverse relationship between deadweight and output additionality (point 9)

However, Hart and Lenihan (2004; 2006) discovered that support may be leveraged to secure additional investment from private sources, and reduce the level of deadweight among support recipients. This represents a form of input additionality, thus to understand the full extent of deadweight it is also important to examine the relationship between these two concepts (point 10).

Finally, Lenihan (1999) noted that enterprises may not have proceeded in the absence of support due to risk. This represents a form of behavioural additionality. Further exploration of the behavioural aspects of additionality is required to assess if these have an effect on the level of deadweight (point 11). This is particularly important in the Irish context. While many deadweight evaluations have focused on finance, in the Irish support system financial assistance is often part of a package of assistance which also includes soft supports such as mentoring and networking facilitation. These may create changes to enterprise behaviours which may not have been considered in previous evaluations.

Though these propositions have the potential to build on previous studies and create a greater understanding of deadweight, the methodological approaches of previous studies may not lend themselves to examining all of these features. The next section compares methodologies used in previous deadweight studies to best practice methodologies recommended in the literature.

6. Evaluation Methodologies

Previous evaluations of deadweight have primarily used self-assessment techniques to gauge hypothetical counterfactual situations (Lenihan, 1999; Lenihan et al, 2003; Tokila et al, 2008). This has involved asking supported enterprises what they believe would have happened had support not been available. Though these studies have provided useful insight into the levels of deadweight, the methods used are exposed to a number of issues. Lenihan (1999) acknowledged many of these. The first is that of the respondent effect, whereby a participant in the study may over-exaggerate the impact of support due to fear of current or future support being withdrawn. The respondent effect may also work in the opposite way whereby the respondent under-acknowledges the impact of support through over confidence in their enterprise or abilities. A second challenge is that of the memory problem whereby respondents may not be able to recall all of the aspects of the impact of support on their enterprise and the implementation of the supported project (Lenihan, 1999). The final and overarching problem with this approach is that entrepreneurs may not be able to do the "mental gymnastics" to gauge the full impact of support on their enterprise (Storey, 1998).

The sophistication of such evaluation techniques is challenged in Storey's (1998) Six Steps to Heaven Framework (Table 1). The framework outlines six levels of quantitative evaluation approaches. The first three involve monitoring take up of schemes, gathering recipients' opinions of support and measuring recipients views regarding the difference support made. Storey refers to these approaches as monitoring rather than evaluation, and many of the studies which have measured deadweight equate to an advanced stage 3 monitoring exercise. These monitoring exercises, though producing valuable insights, have the potential to produce results which over-estimate the impact of support (Storey and Potter, 2007).

Table 1: Six Steps to Heaven Framework

Type	Stage	Description
Monitoring	Step 1	Take up of schemes
	Step 2	Recipients opinions
	Step 3	Recipients views of the difference made by the assistance
Evaluation	Step 4	Comparison of the performance of 'Assisted' with 'Typical' firms
	Step 5	Comparison with 'Match' firms
	Step 6	Taking account of selection bias

Source: Storey (1998)

Stages four to six are regarded as evaluations and introduce the use of control groups consisting of unsupported enterprises. Stage four compares the performance of supported enterprises to typical enterprises. Stage five employs the use of a control group of unsupported enterprises which match assisted enterprises based on observable characteristics such as age, size and location. Stage five evaluations have a number of difficulties. Firstly, where support schemes have a wide coverage, it may be unfeasible to locate enterprises for a control group which both match supported enterprises and have not received support. Secondly the issue of selection bias must be factored in. Though enterprises may match on observable characteristics, there are other unobservable characteristics which may influence enterprise growth. These characteristics include factors such as an entrepreneur's ambition and the willingness to engage in enterprise support schemes, and represent a form of self-selection. The other type of selection bias has been previously mentioned and refers to the support agency's selection of high potential enterprises. Both of these types of biases will mean that supported enterprises may have been more likely to perform better than firms within a control group, regardless of support. Step six evaluations address this through

employing statistical techniques; most notably the Heckman Two Step methodology (Storey, 1998).

Despite the prominence of Six Steps to Heaven Framework and its recognition in both academic and practitioner frameworks nationally and internationally, many of the evaluations that have been completed are equivalent to the less sophisticated steps. For example, Storey and Potter (2007) conducted a review of 42 different evaluations in OECD countries, with only seven of these equating to a step 6 evaluation.

However, others have taken the opportunity to complement and build on these steps. For example EIM (2004) completed a review of methods to measure the effectiveness of state aid to SMEs on behalf of the European Commission. Within this they set out eight evaluation methods, following a graduating scale of sophistication similar to Storey. The eighth step in the framework is referred to as "Goal Free Programme Evaluation" and is similar to Storey's Sixth Step in that it utilises a control group and employs the use of statistical techniques to account for selection bias. Where this differs is that it includes both quantitative and qualitative measures. This type of approach is particularly suited for evaluating programmes where there are multiple stands to a support system (EIM, 2004). The use of qualitative techniques such as interviews or case studies is widely supported throughout the literature to supplement and enrich quantitative findings in evaluation studies.

On the other hand, the sophistication of the higher levels of these frameworks brings with it disadvantages. For example, EIM (2004) stated that there is a trade off with these higher levels as although they produce more valuable and accurate results, they are less time and cost effective and samples are more difficult to build. However, with larger scale schemes the

high costs of doing such evaluation may be deemed appropriate. Storey and Potter (2007) outlined that evaluations should be step four or higher on the evaluation framework, but that if they are to be used for comparison between different schemes or jurisdictions, that the comparative evaluations should all be at the same level.

A final issue is the inclusion of the agency perspective. While external evaluators such as those in academia have many advantages such as lesser influence by the political regime and greater independence, they lack the "on the ground knowledge" which internal evaluators may have (Storey and Potter, 2007). For this reason it may be an important consideration to include the views of agencies and factor in their decision making process on who they support and how they allocate funding. This is often an aspect which is overlooked in evaluations.

7. Implications for evaluating the Irish Support System

Evaluations which have been previously conducted in Ireland have typically been equivalent to step three on Storey's framework (Lenihan, Hart and Roper, 2005). However, applying a step five or a step six approach to evaluation may be better suited to assessing the level of deadweight. This would allow the evaluation to compare the factual (assisted enterprises) with a real counterfactual (unassisted enterprises), rather than a hypothetical counterfactual. However, to fully understand deadweight it is imperative to understand how enterprises' plans change in the absence of support and what causes these changes. Therefore the most relevant group of unassisted enterprises to examine would be those rejected for support. This of course presents further challenges which would reduce the feasibility of conducting a step five evaluation. In the Irish context, due to the widespread coverage of Enterprise Ireland and

CEB support, developing a matching sample of supported and unsupported presents a challenge. For this reason, using a control sample of unmatched enterprises and employing selection bias measurement techniques, as per step six, would prove to be more applicable.

Furthermore, adopting a step six approach is particularly relevant to the Irish context. For example, though employing a control sample in evaluation is more costly and time consuming, Forfas (2011) explained that the scale of evaluation should be proportionate to the scale of the scheme. Enterprise Ireland and CEB supports are administered nationally and cost significant sums of money. Therefore such an approach is proportionate.

In addition to this, step six evaluations are deemed unnecessary where there is no systematic targeting of supports (EIM, 2004). However, in the Irish example, and particularly in the case of Enterprise Ireland, support is directed toward high potential start-ups and internationally trading enterprises. Thus step six evaluations are necessary for evaluating this support.

However, while step six evaluations are highly sophisticated and necessary these need to be supported by qualitative research. This is particularly important in the context of the propositions outlined in this paper which examine complex phenomena. Furthermore, there is a requirement to examine the more tacit effects of support such as behavioural additionality which may not be feasible to examine in depth by quantitative means.

Finally, Irish support agencies such as the CEBs (2005) recognise that deadweight is a challenge and explicitly state that they will not support deadweight projects. Yet deadweight can be seen prominently throughout Irish enterprise supports. Examining the processes that agencies use to identify deadweight and comparing this to scenarios where deadweight occurs

may be an important step to addressing this inefficiency. Furthermore, the agency processes and assessment of applications for support lack transparency. Understanding these processes may reveal why particular enterprises were chosen for support and why particular types of support were issued. Thus employing the agency views would create a greater understanding of the supply side inefficiencies. Yet to date these views are often excluded from evaluation.

8. Conclusion

Despite the comprehensive literature on how to evaluate enterprise schemes, there is still a limited amount of application of these frameworks to enterprise support schemes. This is particularly apparent in the Irish context. Furthermore, inefficiencies hinder the effectiveness of support yet these are not fully understood. Applying more sophisticated evaluation techniques may help to create a better understanding of these inefficiencies and overall create more effective and cost efficient support for SMEs.

The application of the concepts discussed in this paper has the potential to create a significant contribution on three levels. Firstly, it offers a framework for a comprehensive and simultaneous analysis of additionality and inefficiencies stemming from SME support systems. As far as the authors are aware, this is one of the first papers to do so. Secondly, this establishes a basis for an in-depth analysis of a single country context. Despite the uniqueness of this context, evaluations arising from this may have important implications for other countries, especially those European countries which provide similar support systems. Finally, this research will be of value to policymakers as it will shed light on the specific features of SMEs and their owners/managers that create additionality and inefficiencies. This new knowledge will potentially lead to the more efficient allocation of financial and soft support to micro-enterprises and SMEs.

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