

Evaluación del impacto socioeconómico del programa de mentoring de Youth Business Spain



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Executive Summary

- **The main objective of YBS, as part of the Youth Business International network**, is to help young entrepreneurs access resources to create and develop their own businesses, generating a positive impact on society through job creation, improvement in their communities of origin and personal growth.
- Since June 2013, YBS has run a mentoring programme implemented via a network of local partners through which young entrepreneurs receive personalised support from a mentor that helps them to improve their skills, influencing both their professional and personal development in order to consolidate their enterprises and guide them towards business success.
- Within this context, the present study aims to analyse the contribution made by this programme over its four years of development to the beneficiary entrepreneurs, their businesses, the local partners and the economy and society in general.
- **Main figures of the programme**
 - Between June 2013 and June 2017, **1,110 young entrepreneurs** participated in the programme, leading **860 business projects** in 12 Autonomous Regions.
 - The growth rate in mentoring relationships has been very high, with a CAGR² in 13 - 17 of 79%.
 - **Programme access profiles:**
 - The **average participant profile** is that of a young person between 30 and 35 years old, with university qualifications but with little knowledge and business management skills and whose business project entails their first experience of employment as a self-employed worker.
 - The **most common business profile** is a sole proprietorship, at a very early stage of development, with two employees and an average turnover of around €31,000.
 - During the 4 years of the programme's development, entrepreneurs have benefitted from more than **28,400 hours** of mentoring (with an average of 33 annual hours per business). The mentoring sessions have been mainly devoted to improving the young people's skills in the main areas of business management, such as strategy and business model development, sales techniques, financial management, planning and organisation, etc.
 - **87%** of the entrepreneurs **are highly or extremely satisfied** with the mentoring programme, and many of them say that it has been a key factor in the success of their project and their personal development.
- **Impact on entrepreneurs**

The programme has had a very positive impact on the professional and personal development of the participants.

 - Skills development and knowledge acquisition: There has been a considerable improvement in the level of the young entrepreneurs' skills and business knowledge thanks to the mentoring, which **has risen from low or average at the beginning of the programme to high at**

² Compound Annual Growth Rate.

present. The **contribution of the mentoring programme** to these improvements is **72% in the case of skills** and 64% with respect to business knowledge.

- Change in situation and working conditions: After completing the programme, the entrepreneurs have mostly improved their situation and working conditions, as well as their satisfaction. In their opinion, the programme has had a considerable impact on these changes.
 - Change in employment situation.
 - **94% of persons who were unemployed currently have a job.**
 - **95% of persons are currently working** (85% work in their own businesses and 10% are salaried employees).
 - Degree of employability. 89% of the young people who rated their level of employability as low or zero before participating in the programme have significantly improved it.
 - Work satisfaction. When the programme commenced most participants' job satisfaction was average or low, while at present almost **80% of the entrepreneurs say they are highly or fully satisfied.**

- **Impact on business**

After completing the mentoring process, the entrepreneurs' businesses have shown a considerable improvement in performance and have significantly increased their chances of success (thus reducing the risk of closure).

- Effect on project status. The young entrepreneurs usually start the mentoring process with newly created businesses, at a very early stage (initial months of business activity). However, after the programme most of these businesses are consolidated and at present close to **60% are already at the growth and/or expansion stage.**
- Effect on business performance. The development and learning of entrepreneurs is reflected at the business level as an improvement in business performance. After participating in the programme, businesses achieve an improvement of 52% in relation to their potential for developing their product or service, 44% in attracting and retaining customers, 43% in professionalised management and 42% in market positioning and network of contacts, among other areas. These entrepreneurs consider the mentoring to be the main reason for these gains, with an **average contribution of 67%.**
- Evolution of the main business variables. The businesses that have taken part in the mentoring programme have achieved a highly positive development, and on average have succeeded in **duplicating their turnover and increasing the number of employees by 60% in just four years.**
- Survival rate. The businesses that have taken part in the mentoring programme have **more than doubled the probability of continuing in business** compared with the average for the Spanish economy in general, with a **business survival rate of 87% in the fifth year against a national average of 41%.**

- **Impact on local partners**

For local partners, being part of YBS and particularly the mentoring programme is a crucial and differential factor, which allows them to complete their offering/portfolio of services with a quality business consolidation programme based on a proven international methodology and improve their positioning in the ecosystem, strengthening their relations with different business players. More specifically, the programme makes a particularly high contribution to the following aspects:

- Access to **key resources** that include the internationally proven methodology (transferred through the training provided by YBS and joint work) and the most relevant strategic resource, the mentors. The international prestige of YBI and the opportunities and contacts offered by the programme on an international level improve the **positioning** of local partners, which helps to attract a greater number of entrepreneurs and mentors.
- YBS offers partners the opportunity to collaborate, create **synergies and share best practices**, nationally and internationally, which contributes to complementing and improving the support services they offer to entrepreneurs.
- The opportunities for communication and joint work between entrepreneurs, mentors and local partners generated by the programme are extremely positive for all players to the extent that they lead to collaborations, broadening of the commercial network and the development of proposals for greater added value.

- **Impact on society**

The economic activity linked to the companies that have participated in the mentoring programme contributes positively to the main macroeconomic figures, while improving national public finances as a result, essentially, of the increase in tax receipts and the reduction in unemployment benefit payments.

- Economic impact
 - Thanks to the direct hiring by the businesses benefitting from the mentoring programme and the employment created by the business activity, **1,384 jobs full time equivalent have been created** (84% directly).
 - **In terms of production**, the impact of the mentoring programme for 2013-2016 in terms of company revenue amounted to **€87.4 million** (almost €41 million generated directly).
 - **In terms of GDP**, the impact of the mentoring programme for 2013-2016 relating to benefits, salaries and taxes generated as a result of the business activity of the companies that have participated in the programme amounts to **€42.6 million** (€20.4 million in direct impact).

- Impact on public finances

The contribution of the mentoring programme to public finances derived from the increase in income and reduction in expenses generated by the economic activity and employment of the businesses that have taken part in the programme amounts to **€19.8 million** for the period analysed as a whole. By item:

- The increase in **Social Security contributions** amounts to **€6 million** (€ 3.3 million also generated directly by the wages and salaries paid by the businesses).
- The increase in **personal income receipts** stands at **€2.6 million** (€1.4 million generated directly by the wages and salaries paid by the businesses).
- The increase in **corporate income tax** receipts amounts to **€2.5 million** (€1.1 million generated directly by the businesses that have taken part in the mentoring programme).
- **VAT** receipts have risen by **€8.7 million** (€3.8 million also generated directly).

On top of that, savings in **unemployment benefit** amount to **€2.1 million** (€1.2 million due to directly generated jobs).