



Australian Government  
Department of Industry,  
Innovation and Science

Office of the  
Chief Economist

# Business performance of Enterprise Connect participants

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July 2018

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# Enterprise Connect Program

# Enterprise Connect Program

Active from 2007-08 to 2013-14

Business review

Business review + grant

“To provide small and medium sized enterprises with better access to new ideas, knowledge and technologies, to enable businesses to become more innovative, efficient and competitive”

Some EC services have continued to be delivered through the Entrepreneurs' Programme (EP)

# Defining success

Turnover growth

Employment growth

Export sales growth

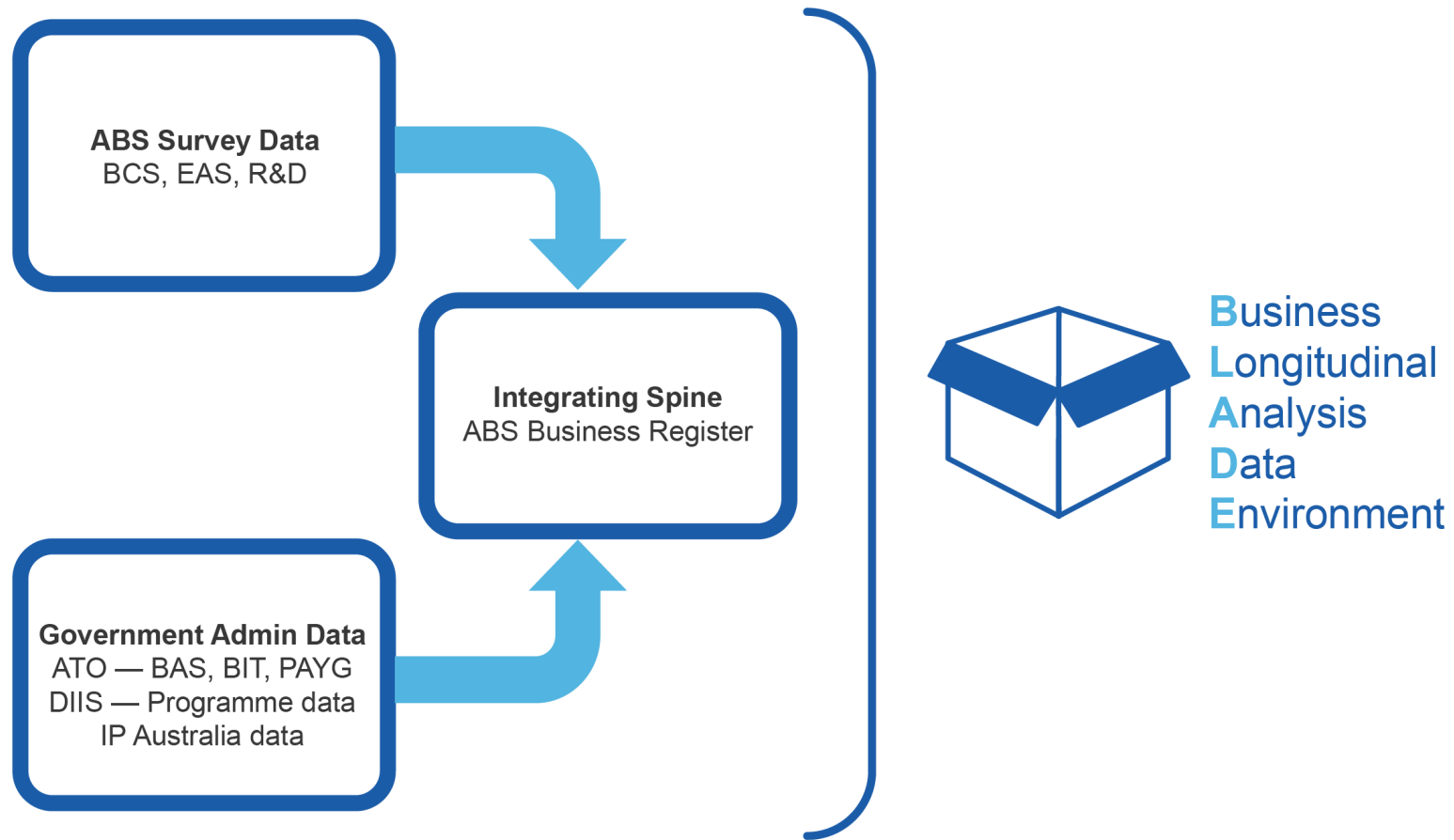
Capital expenditure growth

Survival rates

# Data

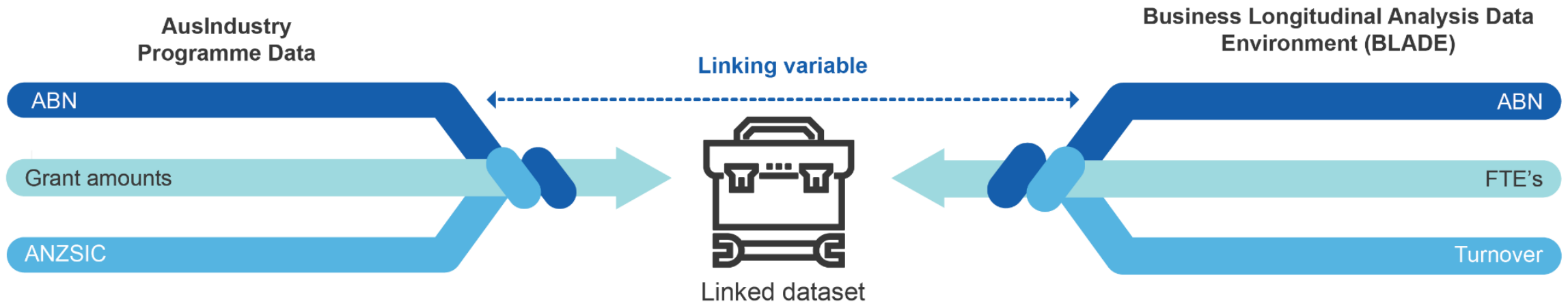
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# What is BLADE?



# Data

## The linking process



Source: Department of Industry, Innovation and Science (2016)

*Linking results in longer time series for variables (2001–02 to 2015–16) and a richer data set.*



# Characteristics of EC participants

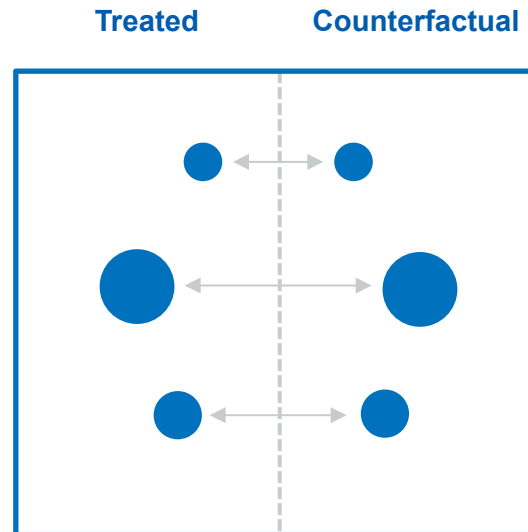
| Characteristic                    | EC review only participants | EC review & grant participants | All firm benchmark* |
|-----------------------------------|-----------------------------|--------------------------------|---------------------|
| <i>Firm size</i>                  |                             |                                |                     |
| Micro (1–4 employees)             | 17.1                        | 9.6                            | 69.9                |
| Small (5–19 employees)            | 46.0                        | 45.3                           | 23.6                |
| Medium (20–199 employees)         | 35.2                        | 42.4                           | 6.1                 |
| Large                             | 1.7                         | 2.7                            | 0.4                 |
| <i>Location</i>                   |                             |                                |                     |
| NSW                               | 30.5                        | 32.3                           | 34.8                |
| VIC                               | 22.0                        | 18.1                           | 25.6                |
| QLD                               | 21.3                        | 21.0                           | 19.4                |
| SA                                | 9.7                         | 11.7                           | 6.2                 |
| WA                                | 11.2                        | 11.5                           | 10.1                |
| Other States                      | 5.3                         | 5.4                            | 4.0                 |
| Exporter <sup>a</sup>             | 21.5                        | 33.0 <sup>a</sup>              | 4.8                 |
| R&D active <sup>b</sup>           | 6.3                         | 14.3 <sup>b</sup>              | 0.6                 |
| <i>Industry</i>                   |                             |                                |                     |
| Manufacturing                     | 28.3                        | 37.0                           | 5.2                 |
| PST                               | 14.1                        | 16.0                           | 13.0                |
| Other Services                    | 39.8                        | 32.8                           | 58.1                |
| Unknown/other industries          | 17.8                        | 14.2                           | 23.7                |
| <i>Type of legal organisation</i> |                             |                                |                     |
| Propriety Limited                 | 54.9                        | 74.8                           | 52.4                |
| Trust                             | 23.6                        | 18.3                           | 22.1                |
| Other                             | 21.5                        | 6.9                            | 25.5                |

# Methodology

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# Matching

Industry  
Location  
Size  
Exporter status  
R&D status  
Type of legal organisation  
Past performance

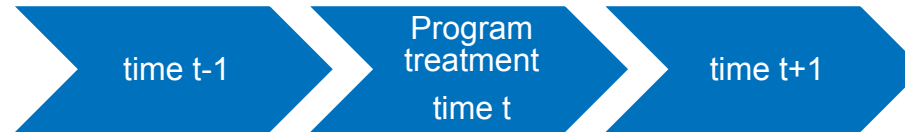


# Matching variables

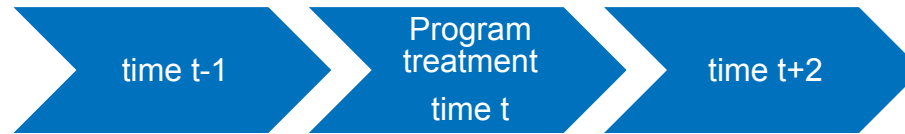
| Variable                   | Specification   |
|----------------------------|---|
| Size                       | Number of employees (FTE)   |
| Past firm performance      | Turnover and employee growth rates, one year prior to treatment   |
| Industry                   | 2 digit ANZSIC subdivision  |
| Exporter status            | Dummy variable for exporting more than \$2000 in treatment year   |
| Location                   | 7 state dummy variables   |
| Type of Legal Organisation | 4 dummies – Public company, private company, trust or partnership |
| R&D status                 | Dummy variable for spending on R&D in treatment year              |

# Average treatment effects

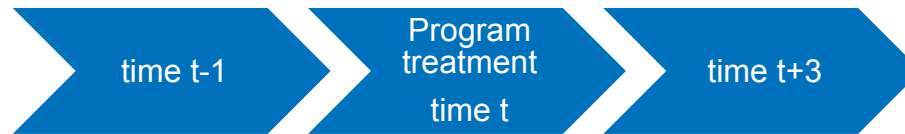
2 year average treatment effect



3 year average treatment effect



4 year average treatment effect



# Results

# Results

Review only or Review & Grant

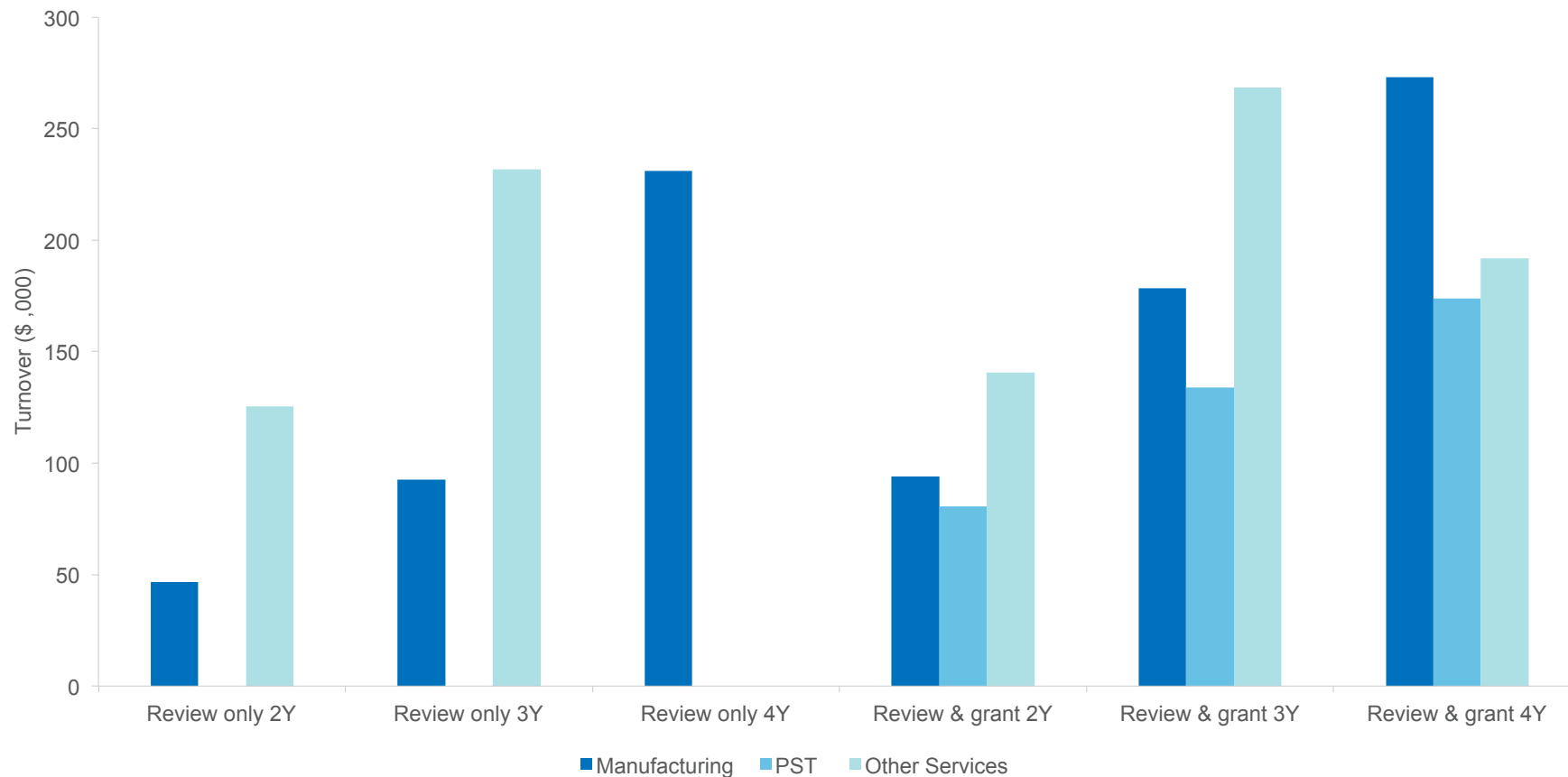
By 3 main industries:

- Manufacturing
- Professional, Scientific & Technical Services (PST)
- 'Other Services' industries (excluding PST)

By firm size

# Additionality in Turnover, by industry sector

Treated firms relative to the counterfactual

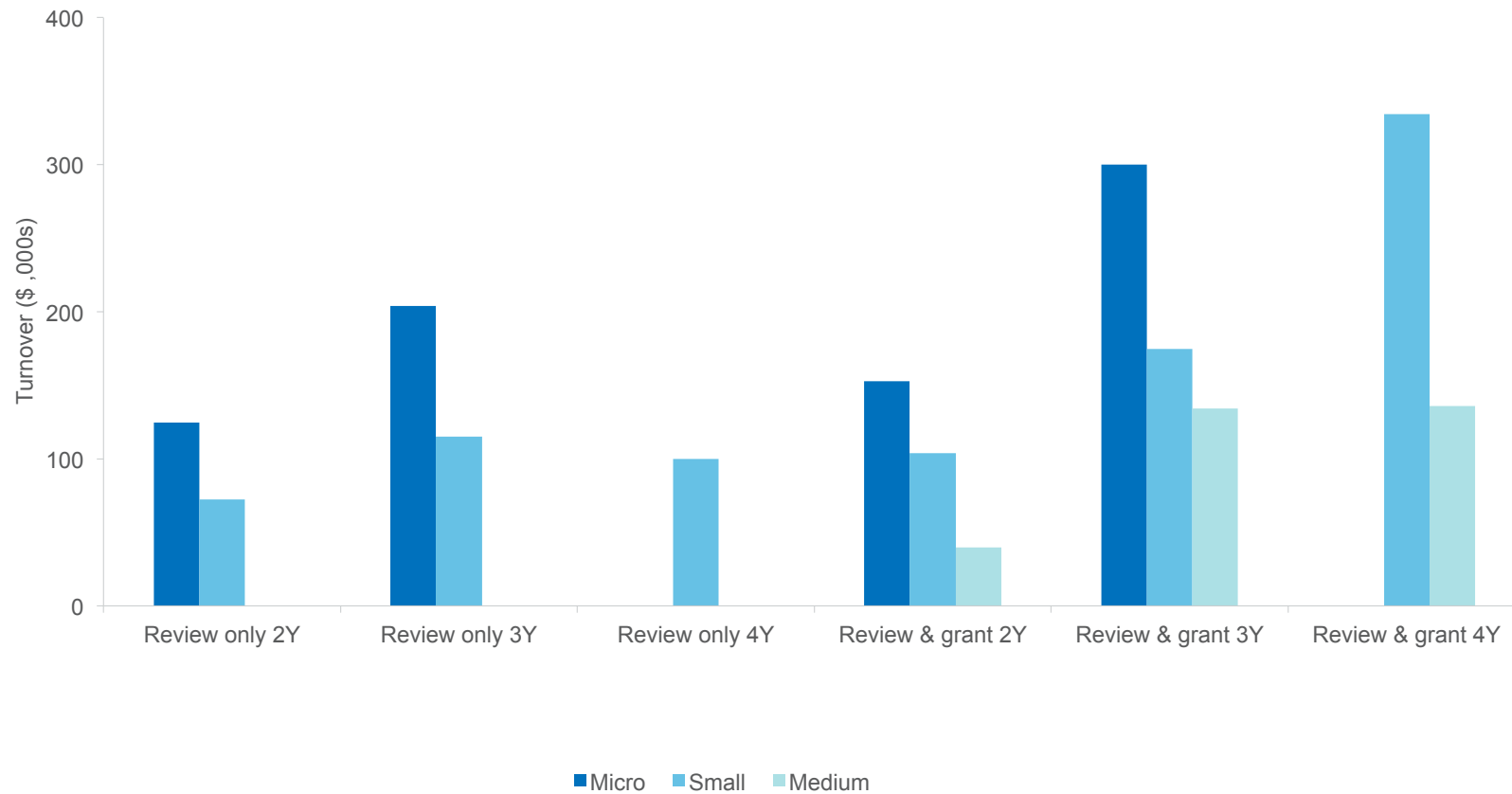


Source: BLADE (2001–02 to 2013–14) Author's calculations



# Additionality in Turnover, by industry and firm size

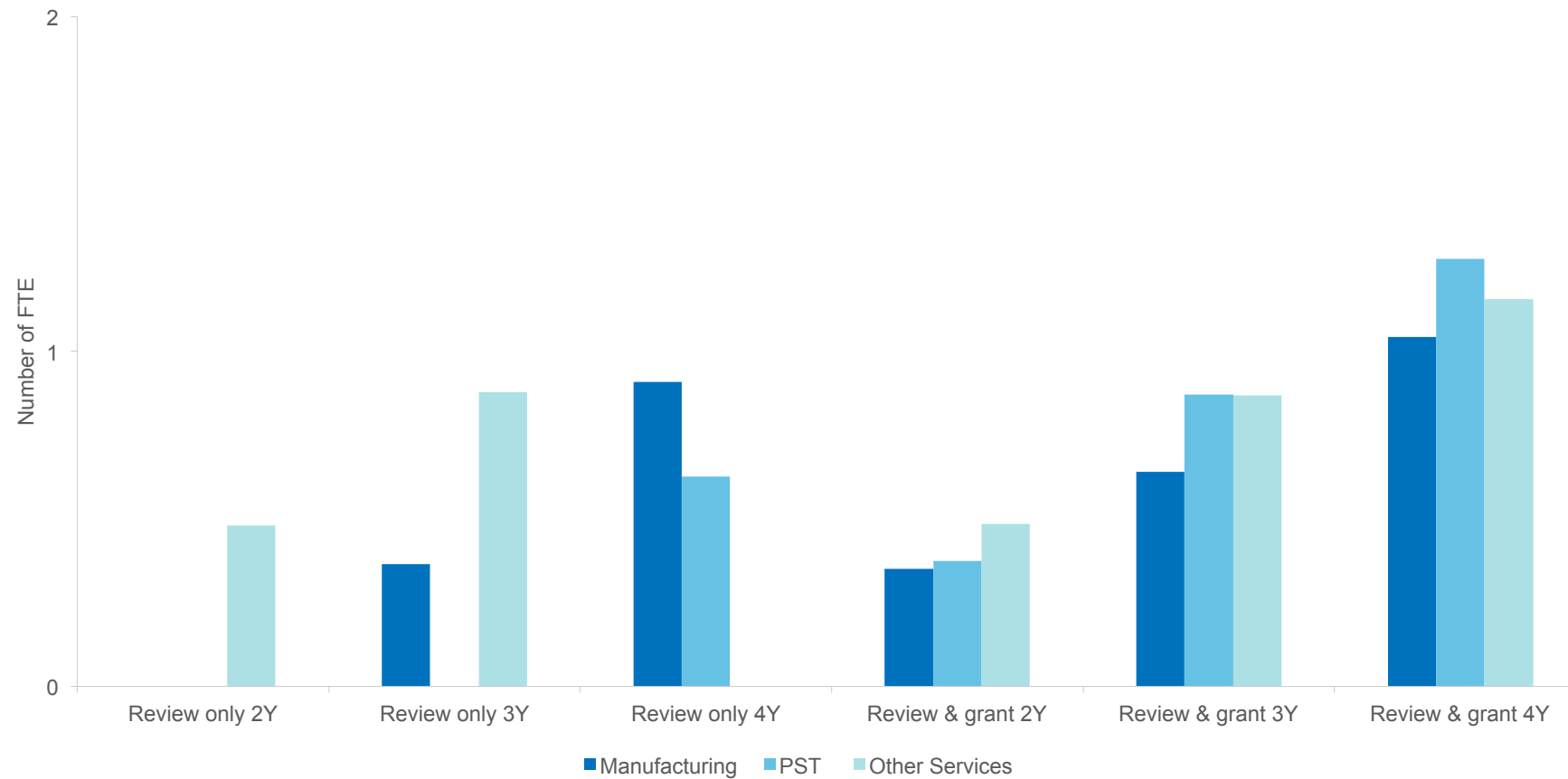
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in Employment (FTE), by industry

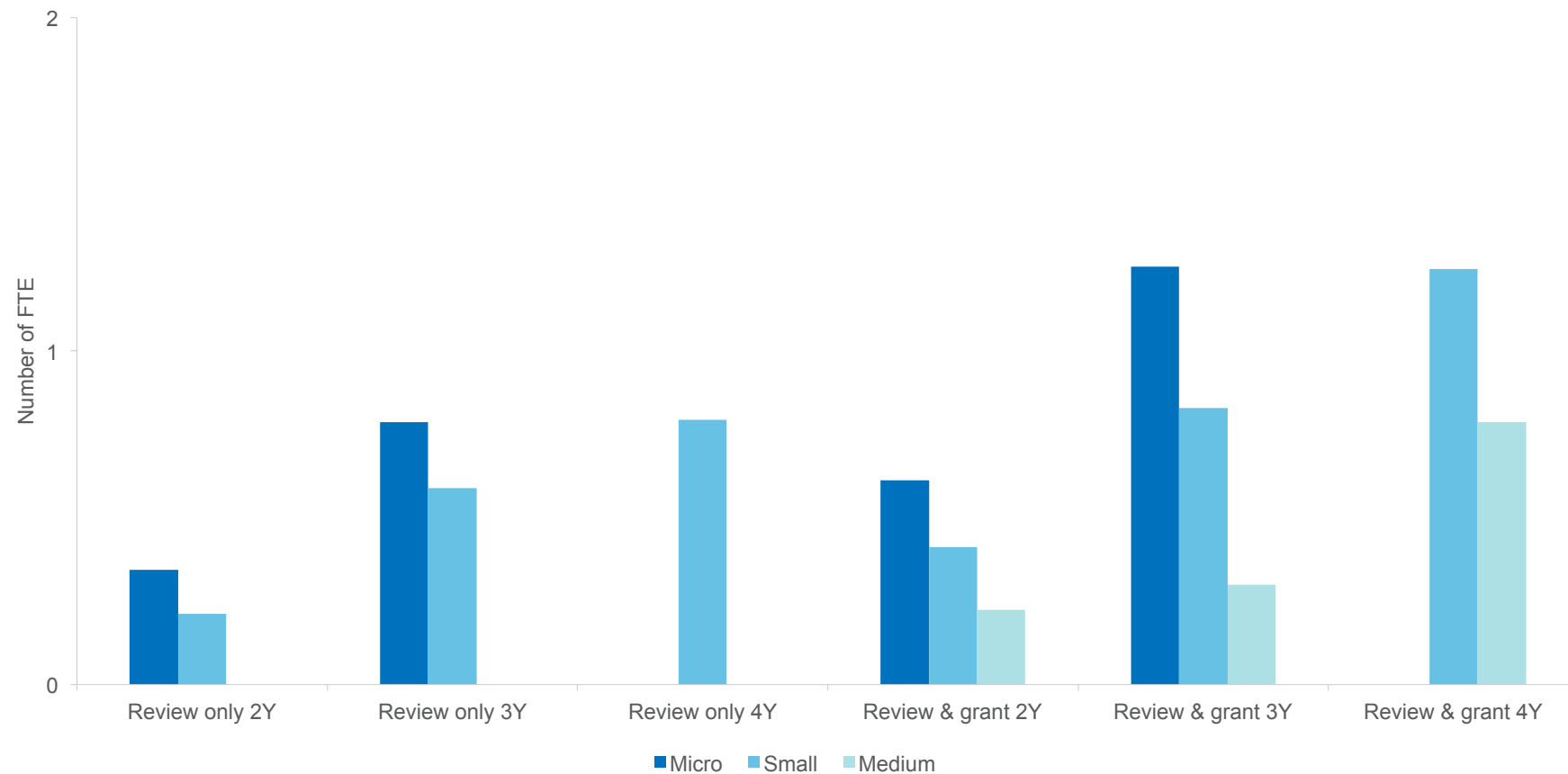
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in Employment (FTE), by industry and firm size

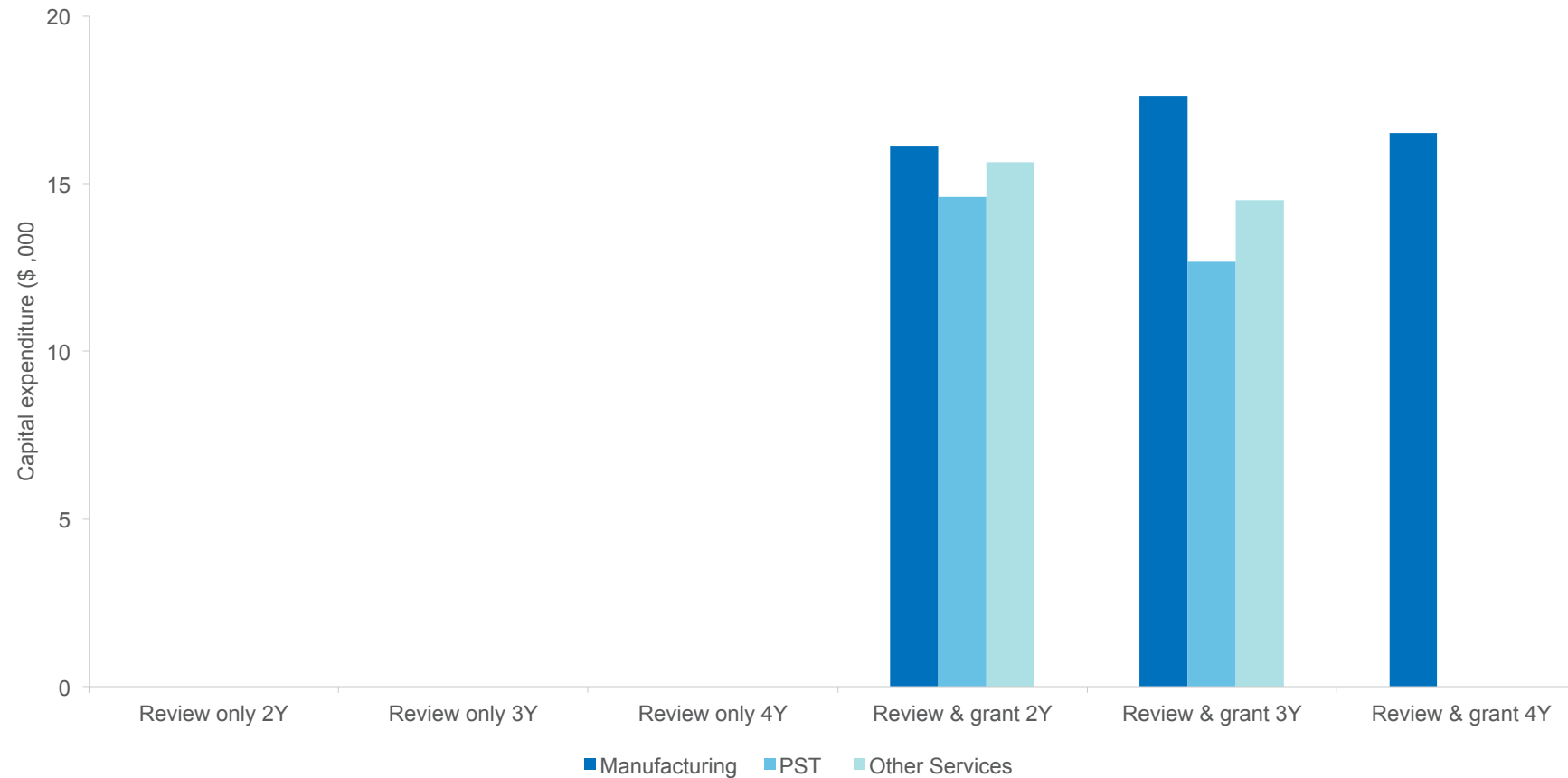
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in Capital expenditure, by industry

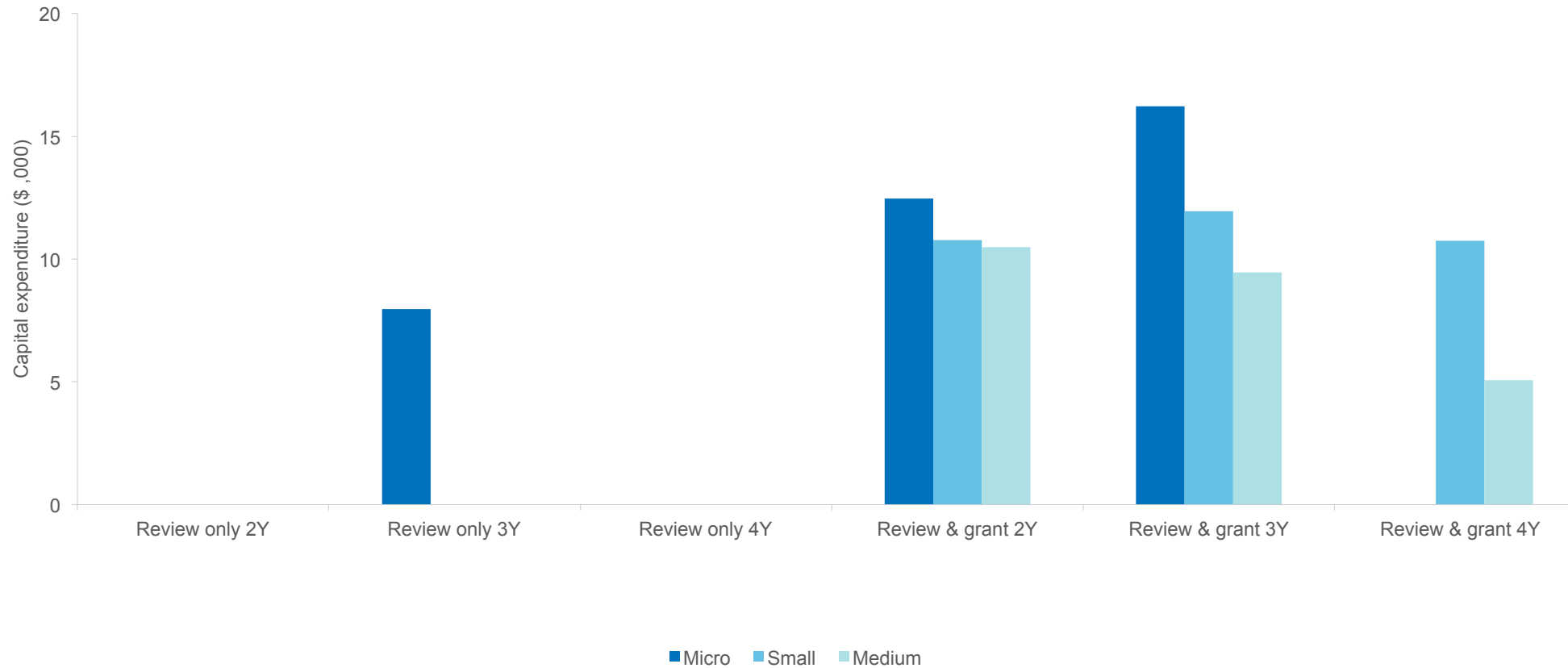
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in Capital expenditure, by industry and firm size

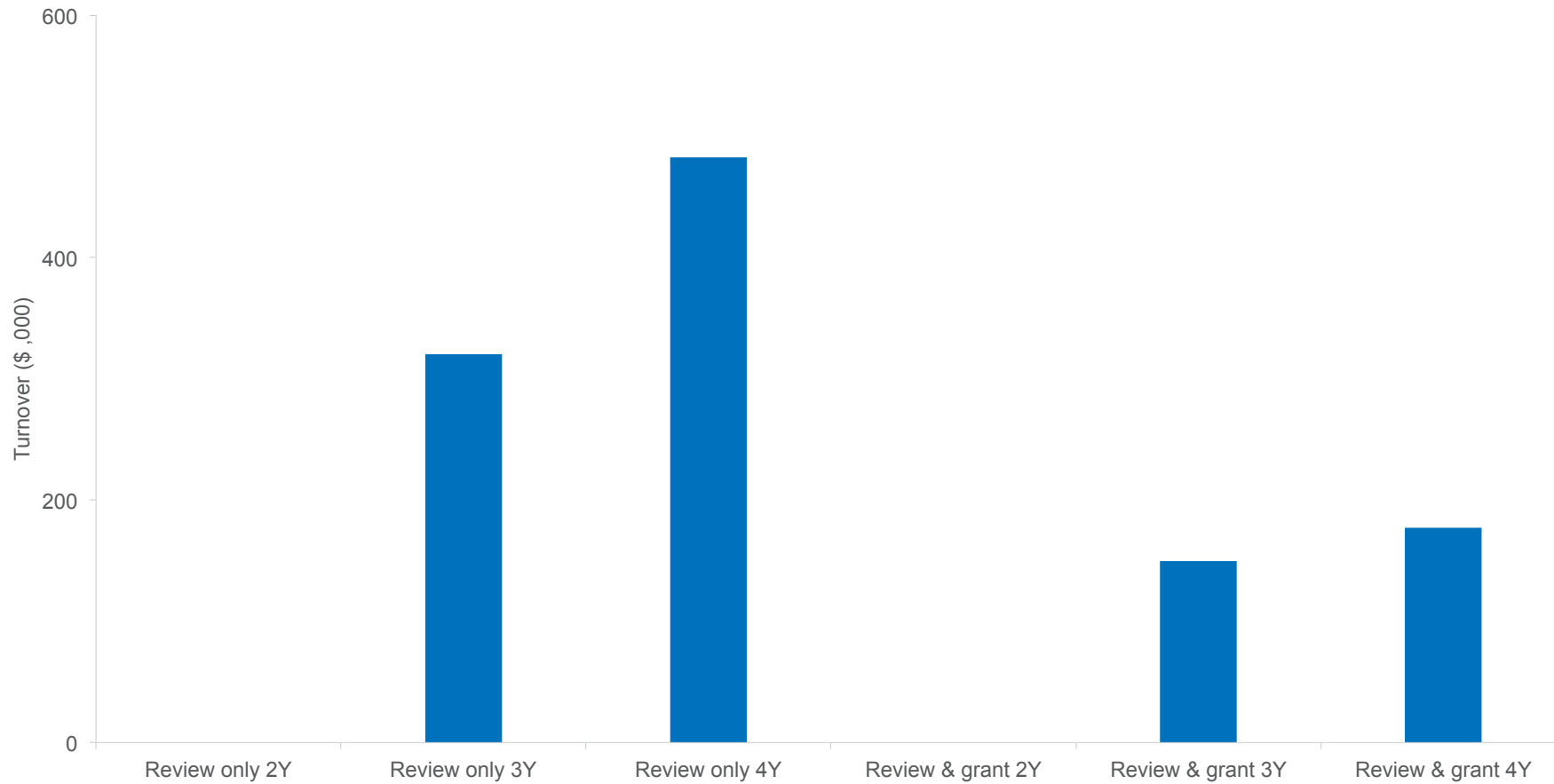
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in turnover growth, RDTI firms

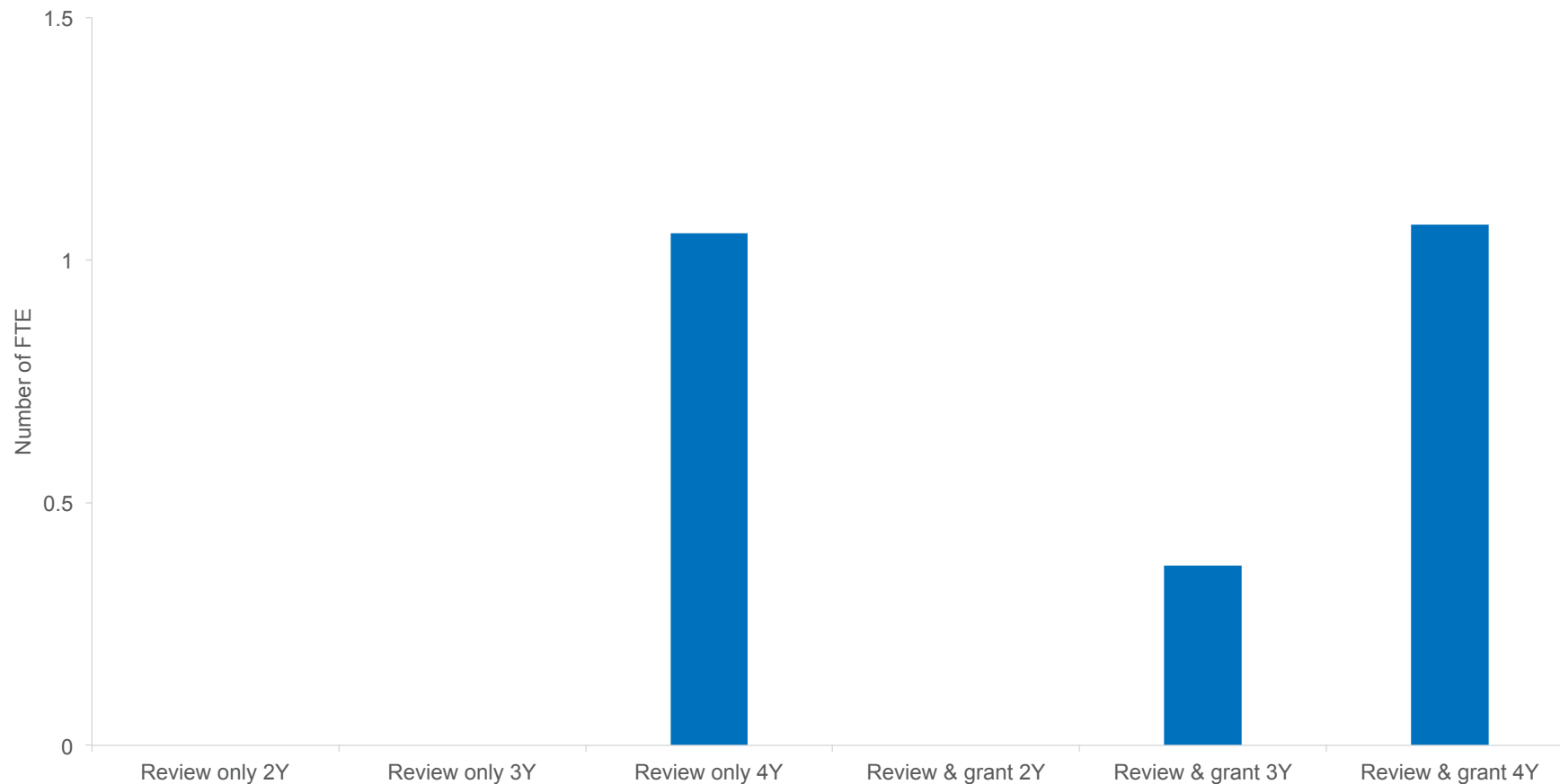
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in employment (FTE) growth, RDTI firms

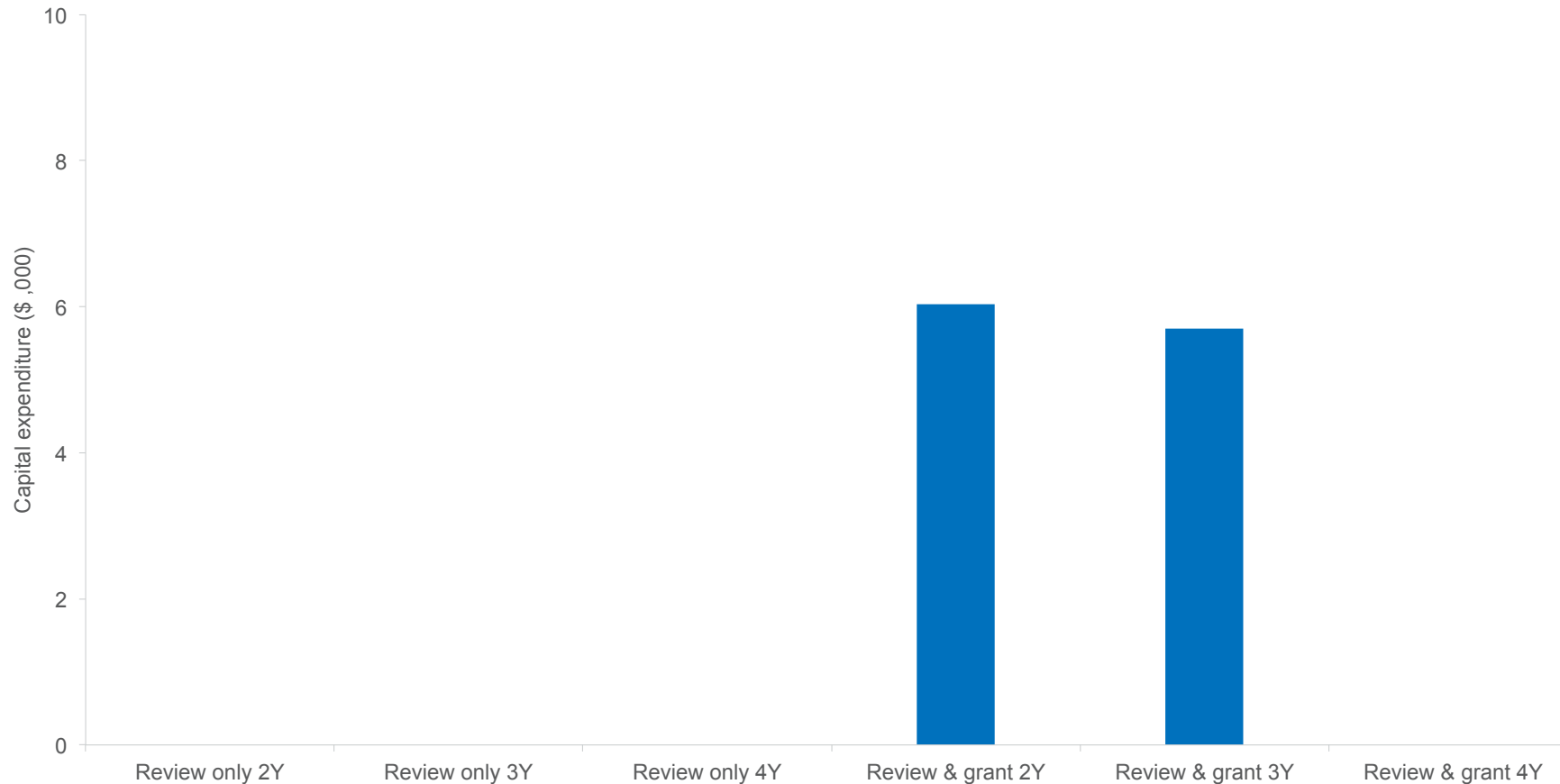
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations

# Additionality in capital expenditure growth, RDTI firms

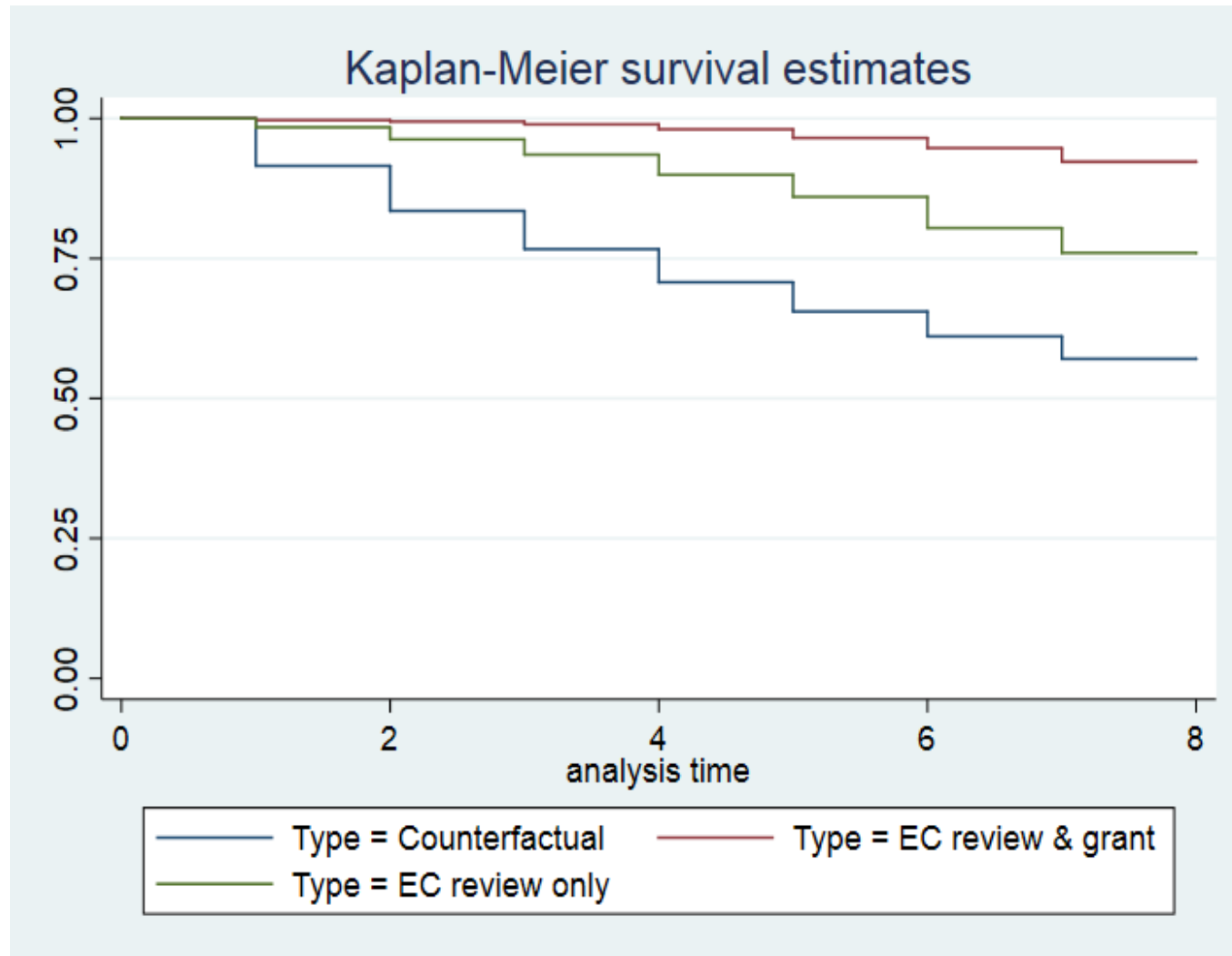
Treated firms relative to the counterfactual



Source: BLADE (2001–02 to 2013–14) Author's calculations



# Survival analysis



# Key findings

EC participant firms had higher performance than non-participants firms, in terms of growth in turnover, employment, capital expenditure and survival rates

Small Micro and other small employing participant firms were driving the growth in turnover, employment and capital expenditure

Firms that receive a review and a grant grow even faster, as firms use the grant to implement the advice from the review.

Manufacturing firms and firms in the Other Services industries contributed more to growth in turnover, employment and capital expenditure

Firms participating in both the EC and the R&D Tax Incentive (RDTI) program outperform firms only participating in the RDTI program in terms of turnover growth

# Further information



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