Self-Employment Learning Project

ASSESSMENT FRAMEWORK

December, 1991

Self-Employment Learning Project
The Aspen Institute
1333 New Hampshire Avenue, N.W.
Suite 1070
Washington, D.C. 20036
(202) 736-5800

Table of Contents

Introduction

This document is the design framework for the Self-Employment Learning Project's three-year assessment of he outcomes of five nonprofit agencies' self-employment programs. Although these programs are relatively young (the oldest is six years old), they represent some of the most experienced practitioners of self-employment strategies in the United States today. This study will document and assess the work of these agencies in order to produce new information and encourage dialogue on the field of self-employment and microenterprise as a poverty alleviation and employment creation strategy. It is hoped that the findings of this study will provide much needed information on the application of self-employment programs for other potential practitioners and investors.

These five agencies operate in a variety of settings -- rural Arkansas, urban Chicago, the border towns of Arizona, and several counties in Iowa and North Carolina -- and they work with a wide range of clients with varying degrees of business experience. Clients include established small business owners, welfare recipients trying to get off of welfare, single mothers who work in the home, isolated rural residents attempting to revitalize their communities through local business creation, displaced factory workers, and unemployed inner city minorities. Some of these clients have years of small business experience while many have none. Consequently, non-profit agencies tailor self-employment programs to meet the requirements of their client base and local context by providing training, technical assistance, organizational support, and credit. However, in spite of differences in economic context, client base, and techniques employed, these nonprofit agencies share a common vision and purpose: self-employment is viewed as an important strategy that advances the economic and social development of low-income people in the United States.

Sharing this need to learn from their experience are two donors who have funded these programs and this assessment design. The assessment itself will be undertaken over the next three years, 1992-94, and will receive their continued support.

This design is the product of a collaborative decisionmaking process that took place during the period of January, 1991 to December, 1991 among the following parties:

- the five practitioner agencies which include
  the Good Faith Fund, Arkansas,
  the Institute for Social and Economic Development, Iowa,
  the PPEP/MICRO Project, Arizona,
  the Rural Economic Development Center, North Carolina, and,
  the Women's Self-Employment Project, Illinois

- the donors, the Ford and C.S. Mott Foundations,

- a technical team of evaluation practitioners, and

- a core unit of project staff, who have planned and managed the activities of this design year.

Together they form the Self-Employment Learning Project (SELP).

The framework design which follows synthesizes the principal agreements of the project members, and is intended to guide the work of the coming three years. It has been drafted on behalf of the group by Peggy Clark, SELP Project Director, and Elaine Edgcomb, a member of the technical team.

Purpose of the Assessment

The assessment has two purposes:

- **to describe and evaluate the outcomes of five self-employment strategies in both quantitative and qualitative terms.** The assessment will look at a broad range of outcomes these programs are producing with the intention of elucidating such questions as who are best served by these programs; what effects are produced in the lives of the owners and their families and in assisted businesses; and how different strategies affect outcomes.

  Because these programs are young and evolving, the assessment will seek to capture the fluidity of strategy development as well as the fluidity and dynamic nature of client outcomes. Also, by focusing on both quantitative and qualitative outcomes the assessment will more clearly convey an understanding of the state of the practice of this new field, and in this way, enhance the understanding of policymakers and other practitioners.

- **to inform the practice of the five participating agencies.** The assessment will provide regular feedback to the practitioners with a view to helping them learn and improve their programs in process. This learning will be further enhanced by the comparative analysis between agencies which this assessment will facilitate. It is expected that the practitioners will learn about and adapt useful elements of each other's methodologies for the betterment of all the programs.

Philosophy of the Assessment

As a collaborative undertaking, this assessment represents a somewhat unique approach to doing evaluation. In recognition of this partnership among practitioners and donors, and in recognition of the values the participating agencies bring to the project, the assessment will have these distinguishing characteristics:

- The assessment will be undertaken by a combination of external evaluators, SELP staff, and agency staff. This collaboration is expected to result in richer, more meaningful data, as well as provide immediate practical return to the participating agencies. That return will include both feedback for program improvement, as well as enhanced skills in program monitoring and evaluation.

- The process will facilitate opportunities for joint reflection, interprogram sharing, and learning in a variety of ways. Ongoing, as opposed to end of project, learning will be emphasized.

- Creativity will be a hallmark of the execution of the assessment, as well as in the communication of lessons learned. The assessment will involve multiple means of gathering quantitative and qualitative data to convey both the bottom line achievements (and failings) of these programs, and the personal changes that clients undergo. Given the newness of these programs, weight is given not only to outcomes, but to documenting the experience of the field as it unfolds in response to the challenges of the next few years.

- In like manner, the assessment is expected to result in a variety of final products (reports, documents, possibly audio/videotapes) that can disseminate the results effectively to a large interested community of observers.

- The assessment will explicitly attend to the values of the practitioner agencies, and how these values are reflected in chosen strategies, and in interactions with clients. Members of the assessment team should have a contextual understanding of the self-employment field to better capture this important element.

Assessment Methodology

Careful deliberation has gone into decisions regarding the methodology choosen for this assessment. Because the field of self-employment is young, experimental and still relativeiy small in terms of numbers of clients reached, we have choosen a methodology of outcome monitoring that is both quantitative and narriative. Outcome monitoring is a credible approach to evaluation if information collected is valid, reliable and consistent. We will not be using a control group methodology for two reasons: 1) the existing client base is relatively small and it would be inappropriate to deny services to potential clients and 2) the costs of an evaluation with a control group are prohibitive given the limited size of total funding in the field at this time.

The evaluators in SELP's technical assistance team feel that an outcome monitoring methodology is a credible and appropriate approach that will yield considerable new information on these five programs. Although this assessment will not be able to directly prove the causal link between program services and client and business outcomes, trend monitoring can indicate probable causality and can yield important, useable information on program outcomes.

Expected Outcomes and Time Frame

The assessment will be undertaken over the three year period from January, 1992 to December, 1994. During that time period, several important outcomes are anticipated.

The assessment will have resulted in substantial learning regarding nine key questions:

Who are these programs assisting?

What are the program designs, components and characteristics? How do they change, develop and grow over time and what influences these changes?

What are the range of environments in which programs operate? How does the social, cultural and economic context affect programs?

What are the costs of:
a) various program strategies, designs and components
b) the lending component ?

What is a better way to understand issues of program scale and its relationship to developmental impacts?

- What are the outcomes and dynamics of assistance over time to businesses and individual clients? In particular,
  a) what happens to individuals' income and economic status over time
  b) what happens to businesses in terms of sales, profitability and other business measures over time?

- What can we learn about qualitative changes and improvements in people's lives over time in terms of
  a) individual clients
  b) client's families
  c) client's community

What are the obstacles that prevent change or growth for businesses and individuals?

What are the emerging predictors of success for
a) programs
b) individual clients

Through the assessment process, participating agencies will have been strengthened by responding to relevant feedback for program performance, and by increasing their capacity to monitor and evaluate their programs.

A number of communication products will have been developed and disseminated, informing audiences that include the worlds of policymakers, practitioners, private funders, and researchers. These products will not only include lessons learned about the practice of self-employment, but also new tools and techniques for monitoring and evaluation in this field.

Assessment Components

In order to achieve the above, the assessment will have three components. Data from these three components will, together, provide a comprehensive picture of client and business level change over time, program status and growth, and a description of program context, methodology and outcomes.

The three components are designed to benefit from a combination of the objective insights of an external evaluator or evaluation firm, the in-depth knowledge of practitioners, and the overview perspective that SELP staff will be afforded. Because this assessment has the dual objectives of producing data that policymakers will find credible as well as helping practitioners to produce and use data to inform practice, it will utilize external evaluators, agency staff and SELP staff for different aspects of documentation and analysis. The second component, In-Depth Client and Business Case Studies, which will be seen by many as the core of the assessment as it will track client and business change over time with primary data, will be conducted by an external evaluator or external evaluation firm. Data collection forms from this component will be available to agencies and to SELP staff who will be able to conduct their own analysis of this information.

The first component, **Program Profile**, is intended to give a broad, quantified overview of individual SELP agencies as well as a picture of the field as it is represented by the subset of the five SELP agencies. An important element of the Program Profile is that it is intended to build upon and boost agencies' internal data collection systems. This component will use agencies' existing data collection forms (with some agreed-upon modifications to ensure comparability of data and to collect new information) as the primary data collection instruments. Agencies will aggregate data on selected indicators and will send this information to SELP who will aggregate and analyze information from the five agencies. This component will produce information that is self-reported by clients and agency staff, so it should not be considered objectively verifiable. This information will be, however, very current, informative and readily accessible to the five agencies, SELP staff and the external evaluators. One data test was conducted on this component in November, 1991 which yielded meaningful data on clients, businesses and programs.

In the Program Profile, data will be collected on clients and their businesses as they enter the program to describe who these programs are reaching and what these clients were like at the time of program entry. Program data will include information on numbers of clients, loan information, portfolio information, and other indicators and will be collected and updated quarterly.

The second component, **In-depth Client and Business Case Studies**, will gather information to describe the range of quantitative and qualitative outcomes in a sample of approximately 300 clients and their businesses as described by clients and observed by interviewers. This component will answer the core key questions that relate to changes in client income and economic status over time and business changes over time. This component will also include a focused and quantitative examination of changes in client income over time, which is a criticial part of the overall assessment. This component will be conducted by an external evaluator or evaluation firm that is contracted by the Aspen Institute.

The third component, **Agency Case Studies**,will describe each agency over time as a distinct operation in a distinct economic and political context. In this component, data will be captured that will describe agency context, mission, institutional features, operations, methodology and outcomes. A detailed framework will be produced that will be used for all of the agencies. In the first year of data collection, agencies will document their programs according to the framework. In the second year of data collection, the external evaluator of component #2 or another case writer will complete the agency case studies.

A detailed outline description of each component appears below.

Component #1: Program Profile

Purpose

The purpose of the program profile component is to give a broad, quantified overview of individual SELP agencies as well as a picture of the field of self-employment as it is represented by the subset of the five SELP agencies. Using agencies' internal data collection systems (with some modifications to data collection forms that the agencies have agreed to), this component will gather information to describe size of program, growth of program, types of clients, businesses served, repayment rates, etc. Data will be collected on clients and businesses as they enter the program to describe who the program is reaching and what they were like before working with the program. Program data (numbers of clients, loans, etc.) will be updated on a quarterly basis. The activities of this component will include data collection and aggregation at the agency level, aggregation and analysis of this data by SELP and production of "executive summary-like" briefing materials on basic program and client characteristics, program outputs and trends.

SELP Questions Answered by this Component:

- Who are these programs assisting?

- What are the characteristics of programs (in terms of numbers of clients, numbers, sizes and delinquency rates of loans or guarantees, value of operating budget, value of capital fund, fee income generated, and percentage of budget from public sources) and how do programs change, develop and grow over time?

- What is a better way to understand program scale and its relationship to developmental impacts?

- What are the costs of various components of the strategy and what are the costs of lending?

Key Features:

- This component will record data on clients and businesses in a "snapshot" fashion as they enter the program.

- Program data will be collected and updated quarterly.

- Data from 5 agencies will be gathered quarterly on selected indicators .
- This aggregate data will be sent to SELP who will aggregate and analyze the data from 5 agencies.

- This data will be presented in a brief "executive summary" format that is primarily a bullet listing of numbers, statistics and characteristics that would show the breadth of this subset of the field. This data will also be used in overall reports on findings.

Component Evaluator and Management

This component will be managed and implemented by SELP staff and a representative from each of the SELP agencies. In each SELP agency, an appointed person will complete the SELP Program Profile form every quarter. It will be the responsibility of the agency representative to SELP (Director or Deputy Director) to insure that tasks related to the completion of the SELP Program Profile Form are completed in a timely manner.

SELP staff (director and program associate) will collect data from the agencies, provide technical assistance when necessary to agencies, aggregate data from the five agencies, analyze this data and write the report that will present this data. It is anticipated that the SELP program associate, Tracy

Huston, will investigate the possibility of creating an input screen on Hands Net, a computer network, to be used solely for the input of SELP Program Profile data. We will also investigate the possiblity of designing a computer program that will perform basic aggregation and analysis of this program profile data.

Data to be Collected by this Component:

Client Data:

1. Total number of clients
2. Age
3. Gender
4. Marital status
5. Education level completed
6. Ethnicity
7. Head of household
8. Total household average monthly gross income
9. Number of people depending on this income
10. Does your household receive AFDC
11. If yes in question #10, number of clients who have been on for less than 2 years
12. If yes in question #10, number of clients who have been on for more than 2 years
13. Number of clients on housing assistance
14. Number of clients on unemployment assistance
15. Number of clients on food stamps
16. Number of clients on other assistance, please specify
17. Number of clients with health insurance (public, employment, provate, none)?

Business Data:

18. Total number of businesses
19. Existing business or start-up?
20. Type of business--service, retail or production
21. Number of businesses for whom this business is a primary income source
22. Number of businesses for whom this business is a secondary income source
23. Number of employees (excluding the owner)
25 Number of employees earning above $5.00/hr.

Program Data:

1 refers to cumulative data for the program since its inception,
2 refers to current data in active portfolio

29. Number of clients 1, 2
30. Number of clients receiving technical assistance 1, 2
31. Number of clients in savings program 1, 2
32. Number of loans made 1
33. Dollar value of loans made 1
34. Number of loans outstanding 2
35. Dollar value of loans outstanding 2
36. Average loan size 2
37. Average loan term 2
38 Interest rate used 2
39. Dollar value of principal repaid 1
40. Dollar value of interest paid 1
41. Dollar value of fees paid 1, 2

Program Data, con't.:

1 refers to cumulative data for the program since its inception,
2 refers to current data in active portfolio

42. Dollar value total income from interest and fees 1, 2
43. Number of loans delinquent over 30 days 2
44. Dollar value of delinquent loans...2
45. Number of loans past due more than 6 months 1, 2
46. Dollar value of loans past due more than 6 months 1, 2
47. Dollar value of annual operating budget 1991 2
48. Dollar value of capital fund 2
49. Percentage of operating budget from public sources 2
50. Percentage of capital fund from public sources 2
51. Total cost of outreach/promotion 2 *
52. Total cost of credit administration 2 *
53. Total cost of overhead 2 *

* Hold on these indicators until agency-specific time studies are completed

Component #2: In-Depth Client and Business Case Studies

Purpose

To gather information to describe the range of quantitative and qualitative outcomes in client's lives, as described by clients and observed by interviewers. Also, to monitor changes in client's businesses over time, through direct interviews with business owners and site visits to businesses. This component will also contain a specific, quantitative and focused section that will track changes in client income and economic status as measured through selected indicators of income, asset and behavioral change.

SELP Questions Answered by this Component

• Who are these programs assisting?

• What are the outcomes and dynamics of assistance over time to businesses and individual clients?
  Specifically,
  a) hat happens to individual's income and economic status over time
  b) what happens to businesses in terms of sales, profitability and other businesses measures over time

• What can we learn about qualitative changes and improvements in people's lives over time in terms of
  a) individual clients
  b) client's families
  c) client's community

• What are the obstacles that prevent change or growth for businesses and individuals?

• What are the emerging predictors of success for
  a) programs
  b) individual clients

Key Features

This component will collect data on a sample of approximately 300 clients selected from 5 agencies, with the number of clients per agency determined by an pro-rated percentage based on each agency's current number of clients.

Data will be collected by direct interviews with clients, review of existing documentation and interviews with staff.

Interviews will be conducted annually, 3 times over the 3 year period.

Clients will be selected by a sampling method that will use the criteria below to yield a representative sample. These criteria include :
-stages of entry or participation in program (new, in middle of program, more than one year)
-geographic across programs and within programs
-borrower and non-borrower both included
-gender
-race
-public assistance and non-public assistance both included
-existing and start-up business both included.

Clients selected in year one (1992) and tracked for three years, whether they leave or stay with program. No new clients added during term of SELP.

Component Evaluator and Management

This component will be implemented by a selected evaluator or evaluation firm who will work closely with the SELP director and a team of local, agency-level researchers. The person or firm who will be the lead evaluator for this component will be selected by SELP staff in consultation with agency representatives in a competitive process. Interested candidates will respond to a request for qualifications memorandum which will be circulated at the beginning of 1992. This evaluator or firm will be an experienced evaluator who has special skills in interviewing, individual client case studies, and preferably has experience with enterprise development and poverty alleviation non-profit programs.

As this is a key piece of the overall assessment, SELP donors are interested in ensuring that the findings from this component be viewed as credible, reliable and objective to outside readers. Towards this end, the lead evaluator or firm described above will be responsible for data collection, aggregation, analysis and presentation of findings in annual reports. At the same time, the lead evaluator will provide copies of all client data to both individual agencies and the SELP director. The SELP director will also produce a report at the end of each year that analyzes information from all three components and presents conclusions. Practitioner agency representatives will have the opportunity to comment on and suggest revisions to the lead evaluator's reports and to write "minority opinions", but the lead evaluator will reserve final say on the substance of the report. The publication produced by the SELP Director will reflect much more closely the input of practitioner agency representatives and will make every effort to include their ideas, revisions and comments into publications.

The selected lead evaluator, in close consultation with the SELP director, will design the overall plan for implementation of the component and will design the interview instrument. This lead evaluator will also select and train the local researchers, one for each agency, that have been selected from agency nominations. Contracts to selected local researchers will be awarded from the lead evaluator firm. Local researchers will have the following characteristics: they will be nominated by the local practitioner agency, they will not be agency staff, they will be culturally appropriate and sensitive to local context and they will be trained by the lead evaluator in interviewing skills.

The lead evaluator will manage the actual interviewing and data collection of this component but will provide copies of data forms on each interviewed client to both the local agency and SELP.

This component will begin in the early spring of 1992 once the lead evaluator contract is awarded. Clients who participate in this component will be paid for their time and will also receive a written contract that states that information on them will be kept confidential and anonymous and that describes the purposes of the assessment and how information will be used.

This component will be managed by the SELP director, who will be responsible for managing the lead evaluator's contract and ensuring that practitioner's views are integrated into the component plans. The coordinator will receive a consultant contract from SELP to carry out the tasks under this component.

Data Collected by this Component:

<u>Client Data:</u>

Personal Case History and Economic Status

1. Family situation
2 Education
3. Employment history
4. Business experience/exposure
5. What's been good/bad in your life (personal, family, community, economic)
6. Income
7. Assets
8. Spending

9. Perceived well-being
10. Welfare recipient history
11. Employment history
12. Credit history

Interaction with Program
13. Why did you decide on self-employment?
14. How did you learn about program?
15. What support/discouragement from family, friends, community?

Measuring Personal Changes
16. Goals/ Vision for your life
17. Self-confidence, security
19. Experience with program--related to changes in life
20. Attitudes:
    -critical thinking
    -decision making
    -hope
    -efficacy
    -perception of choices
21. Behaviors, Skills:
    -checking account, financial management
    -investment in personal development
    -setting goals
    -strategy or plan to reach goal
22. Family
    -how kids are doing in school
    -resolution of family problems
    -relationship with kids, partners
23 Community
    -participation in community activities
    -leadership
    -how perceived by others
24. Friends

Questions on Changes in Spending Patterns and Other Behaviors

25. Do you save more? How much?
26. Are you spending more on school activities?
27. Are you eating better?
28. Are you wearing better clothes?
29. Do you have improved housing conditions?
30. Are you able to afford better medical care?
31. Have you increased the time you spend on: business, community or education and training activities?
32. Have you joined any organizations or community activities?
33. Have you acquired new skills? Which?
34. Do you have a plan for where you want to be 2 years and 5 years from now?
35. Have you made plans for how to get there?
36. Do you feel you get more respect from family and peers?

Business Data:

37. Sales
38. Cost of good sold
39. Fixed costs
40. Owner's draw
41. Profits
42. Health insurance
43. Transportation
44. Insurance
45. Child care
46. Business planning
47. Record keeping (keep at all, accurate, use, formal statements)
48. Legal registration
49. Employees
50. Part time/ full time/ seasonal
51. Change of location
52. Changes in customer base
53. Changes in products, quality,quantity
54. Changes in suppliers

Component # 3: Agency Case Studies

Purpose:

To describe each agency over time as a distinct operation in a distinct context by capturing data that will describe agency context, mission, methodology, operations, staffing, etc.

SELP Questions Answered by this Component:

- What are the program designs, components and characteristics? How do they change, develop and grow over time and what influences these changes?

  What are the range of environments in which programs operate? How does the social, cultural and economic context affect programs?

- What are the costs of
  a) various program strategies, designs and components
  b) the lending component?

- What is a better way to understand issues of program scale and its relationship to developmental impacts?

- What are the emerging predictors of success for programs?

Key Features:

- This component will be a documentation of agency operations, techniques and context that will be conducted 2 times in the 3 year period.

- This component will "explain not measure", meaning that it is not a judgemental evaluation, but a documentation of facts about the agency and its context
- It will be qualitative in the sense that it will tell a story about each agency.
- It will use interviews, existing documentation and observation to gather data on each agency.

Component Evaluator and Management

In 1992, agencies will prepare their own documentation of their programs in accordance with a common framework that all agencies will use. Building on this, in 1993, case writers will be contracted who will prepare the agency case studies from a more objective viewpoint. Case writers will have the following characteristics:

-familiarity with the field and its issues
-experience with research and writing
-has time specifically dedicated to this project to ensure quality of products

Candidates for the 1993 case study writer position will be nominated by SELP staff and the agencies and will be selected by both the relevant agency and SELP staff. The lead evaluator or firm can also be considered as candidates for the case studies.

Data to be Collected by this Component:

Program:

1. History
2. Staffing
3. Key actors
4. Organizational structure
5. Funding patterns
6. Organizational culture
7. Strategies, techniques, services offered

Context:

8. Economic
9. Political
10. Community
11. Federal/state programs
12. Relationships to other programs, lending institutions

Program Design:

13. Policies
14. Budget
15. Critical decisions, lessons learned, stumbling blocks, etc.
16. Stages of development

Outcomes:

17. Numbers and types of clients assisted and outcomes as related to stated program objectives
18. Numbers and types of businesses assisted and outcomes as related to stated program objectives