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The Magic of Soft-Skills Training

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1 | Introduction

What is behind the success of business training programs? The International Labour Organization (ILO) selects annual success stories of participants in its programs, here is one. Pinneti Lakshmi, married at 19 in a village in India, sought to increase her family's income. Initially starting a tea shop that eventually closed, she joined an entrepreneurship program by the local NGO. Completing the training, Lakshmi ventured into crafting and selling jute products, aided by memberships in local organizations and bank support. Her cottage industry now employs 10 people, each earning 250-300 Rupees daily. Looking ahead, Lakshmi plans to expand its production capacity and begin selling jute products on a national scale (International Labour Organization 2022). Stories like Lakshmi's reveal the important role of development programs in emerging countries. Business training programs such as ILO's "Start and Improve Your Business" can potentially transform lives within entire villages and unlock opportunities, ultimately enabling shared and inclusive development of local communities.

Micro and Small Enterprises (MSEs) in emerging economies are typically characterized by low productivity and survival rates, poor working conditions and profitability, and a low adoption of recommended business practices. Standard training programs aim to teach participants so-called "hard skills," such as financial management, marketing, inventory control, or quality control. Over the years, many international organizations have taught these topics worldwide, and researchers have begun to study the impact, effectiveness, and efficiency of these programs. They often found that their cost-benefit analysis was not convincing enough, for example, because their average effect on entrepreneurs' profits is between 5 and 10% (McKenzie 2020). As a result, many alternative designs and extensions of these training programs have been proposed and tested. A first common extension is the inclusion of mentors who assist participants after training, as in the papers by Mehrab et al. 2022 or Campos et al. 2017, the latter combining mentors and soft-skills. In fact, the psychological literature confirms that a proactive personality and persistent behavior are essential to the success of a business (Frese and Gielnik 2014).

In this context, in "The impact of soft-skills training for entrepreneurs in Jamaica", Ubfal et al. 2022 implement a Randomized Control Trial (RCT) in Jamaica for two types

of training (i.e., treatments): a combined one, which only briefly covers soft-skills, and the other that focuses more in-depth on topics such as problem solving, persistence, and learning from mistakes. Their experiment took place between 2016 and 2017, on a sample of 945 selected entrepreneurs, divided into three groups (control, combined training, soft-skills training). Before the treatment, participants completed a baseline survey, while after the classes they were asked to respond to two follow-up surveys, after 3 and 12 months. At this stage, the researchers experienced some attrition but still managed to obtain robust results showing a positive and significant effect of soft-skills training treatment on both short-term profits and the rate of adoption of business practices. Some critical findings of their experiment are the low persistence of treatment effects, detected only in the first follow-up, and the heterogeneous increase in business outcomes, experienced only by men. In contrast, entrepreneurs who underwent soft skills training were found to be more persistent even after 12 months. Overall, Ubfal et al. 2022 well describes the power of including soft-skills topics in business training, confirming their validity in enhancing their impact.

Chapter 2 summarizes the paper by Ubfal et al. 2022. Chapter 3 reviews the literature on business training programs and their extensions. Chapter 4 analyzes the strengths and weaknesses of the paper and discusses future extensions. Chapter 5 concludes.

2 | The impact of soft-skills training for entrepreneurs in Jamaica

Jamaica, an island in the Greater Antilles, is a Commonwealth realm with a population of over 2.8 million people. Since its independence in 1962, the country has experienced a modest growth mainly driven by the services and tourism sectors. Today, Jamaica registers a low unemployment rate of around 6%, offset by the lowest ever total factor productivity (The World Bank 2023).

In this context, Ubfal et al. 2022 set up a Randomized Control Trial (RCT) to test the impacts (i.e., causal effects) of two different types of business training programs on small entrepreneurs and their business outcomes. The authors worked together with the Jamaica Business Development Corporation (JBDC), a governmental organization, which was in charge of delivering the training programs. This Section presents the paper and its findings, highlighting in particular the effectiveness of soft-skills training in fostering the adoption of recommended business practices.

2.1 Methodology

2.1.1 Training Programs

Together with JBDC, the research team developed and adapted for the local context two training programs, which represent the two treatments. Both were taught by the same teachers in the same facilities over 10 weeks, and both had the same duration, 40 hours, split into two parts, where the second half differentiated each program. The lectures took place between October and December 2016.

During the first common 5 weeks, the lectures aimed to develop personal initiative in the participants. A choice motivated by the notion that a proactive trait is essential for entrepreneurs to be able to anticipate and prepare for potential opportunities and threats (Frese and Gielnik 2014).

In the remaining weeks, the combined training expanded its contents to typical business training topics, such as financial management or marketing. Instead, the soft-skills

Table 2.1: Baseline Balance (extract), Ubfal et al. 2022

	Control group (C)	Soft-skills training (T1)	Combined training (T2)	T1 = C	T2 = C
	Mean	Mean	Mean	P-val.	P-val.
Panel A. Stratification variables					
Female	0.58	0.59	0.58	0.87	1.00
Has employees	0.30	0.30	0.30	0.86	0.91
Education: more secondary	0.61	0.61	0.60	0.87	0.81
Panel B. Owner characteristics					
Age	42.43	41.29	42.20	0.22	0.81
Black	0.90	0.92	0.91	0.39	0.53
Married	0.46	0.39	0.44	0.06	0.62
Set a goal for business	0.84	0.85	0.84	0.77	0.81
Wants to change sth	0.64	0.63	0.68	0.92	0.27
Personal initiative	6.01	6.01	6.07	0.99	0.32
Panel C. Firm characteristics					
Keeps formal accounts	0.08	0.09	0.13	0.59	0.03
Registered business	0.53	0.51	0.54	0.72	0.69
Sales in the last month	87766	100744	75922	0.47	0.42
Business practice index	0.58	0.59	0.61	0.57	0.18
Panel D. Aggr. Orthog. test for panels B-C					
P-value				0.91	0.52
Observations	315	315	315		

training provided more materials related to personal initiative, such as perseverance and problem solving. This different approach, which includes insights from the psychology literature, is the real focus of the following analysis because the authors are interested in assessing whether practicing more the participants' soft-skills is more beneficial, in terms of business outcomes, than simply discussing business practices.

2.1.2 Sampling and Randomization

Entrepreneurs were recruited through a telemarketing campaign. At first, around 2000 business owners living in Kingston and surroundings expressed their interest in the program. Secondly, to gather information about the participants and their businesses, a baseline survey was given to the contacts. To reduce heterogeneity and create more comparable groups, the authors established certain eligibility criteria, such as having fewer than five employees and reporting less than JMD 1 million in monthly sales and costs, thus increasing the sensitivity of the analysis and drawing more reliable conclusions. The final sample included 945 entrepreneurs. Lastly, to ensure the RCT design, after a stratification based on certain variables like gender and education, business owners were randomly assigned to the two training programs, i.e. treatments, and to a control group.

Table 2.1 summarizes the characteristics of the three groups, depicting a successful balanced randomization. In the three samples, female entrepreneurs are 58%, the mean age is around 42 years old, and between 39% and 46% are married. The majority has a

goal for its business (84%) and wants to change something in it ($\sim 64\%$). On a scale of 1 to 7 (maximum), the personal initiative indicator scores 6. Half of the businesses are registered, but only a small portion keeps formal accounts ($\sim 9\%$), and business practices are only partially widespread (59%).

2.1.3 Instruments

To measure the impacts of the experiment on the business outcomes and a series of intermediate channels through which the treatments may interact, Ubfal et al. 2022 collected data during and after the trial with different surveys and tests.

The three main instruments are the baseline survey and the two follow-ups at 3 and 12 months, in order to capture potential short and long-term effects. The baseline survey was carried out during the sampling phase, between August and September 2016. Three months after the end of the training, in March 2017, the first follow-up survey was conducted by a designated international survey firm. Questions related to sales, profits, business practices, and soft skills were asked. At this stage, the response rate stood at 73% in total. In January 2018, the second follow-up took place. The same questions were asked, but the response rate stopped at 59%. The authors explain the low participation rate in the subsequent poll by pointing out that lottery scams are very common in Jamaica and discourage people from participating in interviews, even when they are offered monetary incentives.

In addition to the ones already mentioned, class attendance was observed, and a knowledge test was given at the penultimate class. Finally, the second follow-up survey contained an additional set of questions aimed to assess specific soft-skills as well as another questionnaire designed to measure participants' grit.

2.1.4 Statistical Analysis

The RCT design chosen by Ubfal et al. 2022, by randomly assigning participants to treatment and control groups, minimizes the selection bias and offers a robust method for determining causal relationships. In the following linear regression model, the coefficients of the treatment dummy variables represent the estimated treatment effects on the various business outcomes studied by the authors, such as firm survival, sales, and profit changes.

The authors boost the statistical power using ANCOVA regressions and report intention-to-treat effects, analyzing outcomes based on initial training assignments, irrespective of actual participation. The following OLS regression is estimated:

$$Y_{it} = \alpha + \beta_1 T1_i + \beta_2 T2_i + \delta X_{i0} + \beta_0 Y_{i0} + \epsilon_{it} \quad (2.1)$$

where Y_{it} is the outcome for individual i at the first or second follow-up, α is the intercept, T_i is the treatment dummy variable, X_{i0} is a vector of baseline control variables, Y_{i0} is the baseline outcome, and ϵ_{it} is the residual. The coefficients of interest are β_1 and β_2 , indicating the change in the outcome variable based on the respective treatments. Heteroskedasticity-robust standard errors are used.

2.2 Results

2.2.1 Attendance and Retention

In line with the attendance rates of other experiments, about 80% of participants attended at least one class, with 60% attending the minimum required for the diploma, five classes. Furthermore, in an attempt to forecast the profile of effective participants, the authors regressed observed characteristics on participation in at least one class. Most of the features are insignificant, such as gender or internet access, however, older entrepreneurs with a goal for their company and who have registered their company are more likely to participate in the program.

During the second to last lecture, entrepreneurs were tested on their training materials and also on the other group's contents. Participants consistently scored higher on questions relating to the content presented in their course, indicating a good level of retention.

2.2.2 Impact on Business Outcomes

Table 2.2 shows the impact of the two trainings on three measures of business outcomes after 3 and 12 months.

Any statistically significant effect is observed in terms of survival. After 3 months, 81% of the businesses in the control group still exist, and only an imprecise yet positive and temporary coefficient is observed for the soft-skill training. A first key finding is

Table 2.2: Impacts on Business Outcomes (extract), Ubfal et al. 2022

	Firm survival		Positive profits		Sales and profits index	
	3-months	12-months	3-months	12-months	3-months	12-months
Soft-skills training	0.05	-0.02	0.11**	0.00	0.28**	-0.08
Combined training	-0.03	0.01	0.07	-0.07	0.13	-0.08
Mean control group	0.81	0.93	0.47	0.47	0.00	0.00

Table 2.3: Mechanisms (extract), Ubfal et al. 2022

	Business practices		Personal initiative		Introduced innovation		Loan requested	
	3-months	12-months	3-months	12-months	3-months	12-months	3-months	12-months
Soft-skills training	0.09***	0.04	0.09	0.14	0.12**	0.05	0.04	0.09*
Combined training	0.04	0.03	-0.03	-0.13	0.04	0.01	0.04	0.05
Mean control group	0.46	0.55	0.00	0.00	0.36	0.46	0.08	0.33

that, after 3 months, the soft-skills training leads to an observed 11% increase in the likelihood of participants reporting positive profits, compared with the control group’s baseline, 47%. In addition, the highly positive coefficient of the sales and profits index provides additional evidence of soft skills training’s short-term efficacy. However, in the second follow-up, neither of the two coefficients is significant, which leaves the authors wondering why training benefits aren’t as persistent.

2.2.3 Impact on Intermediate Outcomes

The results presented in Section 2.2.2 show the effects of the two training programs on business outcomes, particularly highlighting the importance of shaping and fostering the entrepreneurial mindset of the participants. Now, based on the answers of the two follow-ups, Ubfal et al. 2022 try to assess through which channels the trainings interacted, namely with which personal and business features they engaged the most. Table 2.3 provides the OLS coefficients.

A first surprising result is an increased likelihood of adoption of the recommended business practices by participants in the soft skills training, although only the combined group discussed them. This first statistically significant treatment effect tells us that 9% more entrepreneurs, compared to a control group average of 46%, adopted the recommended practices after three months. In contrast, the treatment effect of the combined training is smaller and not significant. The authors point out that this outcome is in line with the results of other experiments and come to a first conclusion, which is that stimulating the entrepreneurial mindset of business owners is more effective in promoting

the adoption of business practices than merely discussing them.

Both trainings have no significant impact on the personal initiative index after either 3 or 12 months, although both had 5 lessons focusing on related topics. While this result was to be expected for the combined training, which might have a dilution effect, the opposite was expected for the soft-skills training, which indeed has a larger but not significant positive coefficient.

A second statistically significant result after 3 months is a wider introduction of innovations by soft-skills participants, 12% more than the control group average of 36%. Similarly to the business practices coefficient, both emerge in the first follow-up but disappear after 12 months. Once again, questioning the low persistence of such impacts could help find better program design that leads to more lasting intermediate and final results.

One last effect appears only in the second follow-up. After 12 months, there is a higher share of entrepreneurs from the soft-skills training requesting for a loan. Compared with a control group average of 33%, only 5% more business owners from the combined training applied for a loan, but this coefficient is not significant. Since topics related to financial management were discussed in their classes, which may have given them a knowledge advantage, a significant positive result was expected, but this is not the case.

2.2.4 Impact on Soft Skills

In addition to the consequences on business outcomes of business training, Ubfal et al. 2022 briefly analyze whether the inclusion of psychological insights in the design of such programs, which in their experiment results in having 5 introductory lessons on personal initiative and then two different treatments, can really have an impact on the mindset and personal behavior of entrepreneurs. Already in Section 2.2.3, when examining intermediate mechanisms, the authors partially studied the effect of treatments on a personal initiative index but found no significant effect. Here, motivated by the notion from the psychological literature that a proactive and setback-resistant mindset is beneficial for entrepreneurs' success, Ubfal et al. 2022 examine the results of two surveys regarding soft-skills impacts attached to the second follow-up.

Table 2.4 shows in column (1) the outcomes of the first survey, which consisted of Likert-type questions on soft-skills topics taught throughout the program. As expected, soft-skills training has a positive impact on all measures and, in particular, a significant

Table 2.4: Impacts on Soft Skills (extract), Ubfal et al. 2022

	(1)				(2)		
	Self-Reported				Game		
	Grit	Perseverance(APS)	Personal initiative	Soft skills index	All rounds	Num. of rounds	Difficult task index
Soft-skills training	0.16	0.22**	0.14	0.14**	0.08	0.32*	0.21*
Combined training	0.02	-0.09	-0.13	-0.04	0.00	0.08	0.05
Mean control group	0.00	0.00	0.00	0.00	0.30	2.05	0.00

treatment effect on participants’ perseverance, as this particular trait was discussed more with them. In contrast, the combined training, in which participants were given only 5 introductory soft-skills topics, does not exhibit any effect.

The second additional survey consisted of a game adapted from Alan et al. 2019, designed to measure the perseverance of the treated participants. In each round (6 in total), participants had to choose whether to attempt an easy or difficult task, the second paying more. To give participants a sense of difficulty, the first round was easy and the second difficult for everyone. From the third round onward, after completing the task, participants could choose the difficulty. Table 2.4 column (2) shows, in order, how many participants chose the difficult task in each round and how many times the difficult task was chosen per participant compared to the control group, and finally an aggregate index. The probability for soft-skills participants to choose the difficult task in all rounds is 8% points higher than the control group’s average, 30% points, and, in fact, they chose the difficult task significantly more times than the easy task, 0.32 times more than the control group’s baseline value of 2.05. Overall, the task difficulty index appears positive and statistically significant for the soft-skills group, confirming both the effectiveness of soft-skills training in changing participants’ behavior and mindset and the retention of materials (i.e., the quality of the program). Additionally, it is interesting to note that these additional surveys were able to measure the persistence after 12 months of the impact on entrepreneurs’ mindset, in particular perseverance, which the standard follow-up did not.

2.2.5 Treatment Effects by Gender

Lastly, Ubfal et al. 2022 evaluate their results again, but this time they interact them with the gender of the entrepreneur. In this context, assessing treatment effects by gender is important because it helps researchers identify how men and women respond uniquely to training (contributing further to the literature), ultimately allowing for more effective, customized programs and a better (cost-effective) spending of the funding.

Table 2.5: Impacts on Business Outcomes and Mechanisms by Gender after 3 months (extract), Ubfal et al. 2022

	(1) Business Outcomes			(2) Mechanisms	
	Firm survival	Positive profits	Sales and profits index	Business practices	Personal initiative
Soft-skills training	0.08	0.19***	0.66**	0.08*	0.16
Combined training	0.03	0.12*	0.33	0.04	0.06
Soft-skills training \times female	-0.06	-0.13	-0.64**	0.02	-0.11
Combined training \times female	-0.10	-0.08	-0.32	0.01	-0.14

Table 2.5 reveals clearly how the short-term effects on business performance are driven by men. On average, 19% more male entrepreneurs in the soft-skills training reported positive profits after three months. However, when this measure is interacted with the dummy variable representing women (i.e., $D[female = 1]$), the increase completely cancels out, -0.13, meaning the treatment did not impact their profits.

In addition, the authors examine the differentiated effects on the intermediate outcomes. A major change in the measures originates from men, however, a surprising key discovery lies in the fact that women who participate in soft-skills training also experience a positive change in their adoption of business practices, 0.02. This last finding leads to the conclusion that soft-skills training encourages both men and women to adopt business practices, but only for males does it produce short-term increases in business outcomes.

2.3 Discussion and Conclusions

Ubfal et al. 2022 conclude their analysis by discussing their findings, comparing them with those of other studies, and suggesting future research ideas to identify which business training designs perform best.

2.3.1 Only Short-Run

The whole discussion of the treatment effects found significant results only in the short term. Table 2.2 finds positive impacts of the soft-skills training on profits and sales only after 3 months. Table 2.3 illustrates the effects on the intermediate mechanisms and detects a substantially higher adoption of business practices only at the first follow-up. These findings contrast with those of Campos et al. 2017, which in an RCT in Togo, providing a similar treatment (i.e., traditional business training versus personal initiative-

oriented training), found persistent effects over a period of 2.5 years. Ubfal et al. 2022 motivate this difference with a number of reasons. First, the very unique cultural and institutional characteristics of the two countries may have interacted with the treatment. Second, Campos et al. 2017 provided monthly visits to the trainer after the training. It is clear that this additional support to entrepreneurs helped them maintain a high level of motivation and persistence. In this sense, Ubfal et al. 2022 suggests how probably relying solely on soft-skills training may not guarantee lasting improvements in business outcomes, prompting further research to compare, in a specific context, scenarios with and without customized follow-up interventions.

2.3.2 Only Men

Table 2.5 provides evidence that although both men and women increase adoption of business practices, this translates into better business outcomes, particularly sales and profits, for men only. The experiment in Togo by Campos et al. 2017 finds significant and positive effects on profits for both genders, probably still due to follow-up visits. Nevertheless, Ubfal et al. 2022 point out that when the soft-skills index interacts with gender, it turns out to be half as high for women as for men. This discrepancy between practice adoption and outcomes might be explained by a potential influence of soft skills, where the stronger development of these skills among men might have enhanced the positive impact of business practices on their business outcomes, a boost that women did not experience to the same degree.

2.3.3 Only Soft-Skills

Not having enough personal initiative, perseverance, grit, and ability to cope with setbacks has a direct negative impact on business performance. In practice, from the results of Ubfal et al. 2022, women who participated in soft-skills training adopted more of the recommended business practices, but the soft-skills index showed that they did not significantly develop their soft-skills, resulting in no effect on business outcomes. Furthermore, throughout the analysis, the results for combined training appeared mostly insignificant or much lower than for soft-skills training. All in all, a robust conclusion of Ubfal et al. 2022 is the demonstration of the greater effectiveness of soft-skills training than combined-skills training.

3 | Literature Review

Within the research field of organizational and development economics, the paper by Ubfal et al. 2022 focuses on whether business training programs in developing countries can provide entrepreneurs with the skills they need to improve their business outcomes. To address this question, the assumptions behind these programs and their designs have changed over the years, for instance, with the inclusion of psychological insights. Several papers report positive treatment effects of teaching either technical or soft skills, while others find heterogeneous or no significant effects. In this Section, a few related papers to Ubfal et al. 2022 are presented.

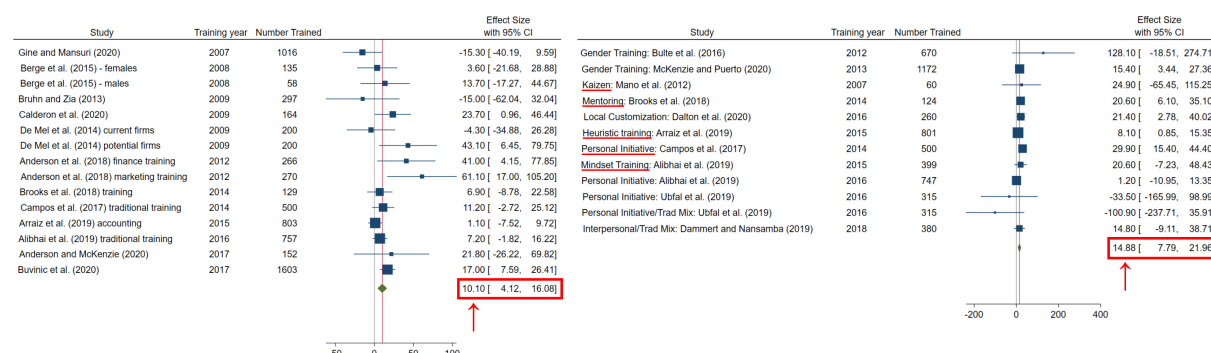
3.1 The Standard Approach

Researchers began studying the power of business training programs when their contents were still revolving around practical (hard) skills, such as quality management, record keeping, and business planning.

For instance, Mano et al. 2012, in "How Can Micro and Small Enterprises in Sub-Saharan Africa Become More Productive?", performed an RCT in Ghana on 167 entrepreneurs to examine the effects on their survival rate, profits, and adoption of recommended business practices. The treatment consisted of classes based on materials from the International Labour Organization (ILO), such as Start Your Business (SYB) and Improve Your Business (IYB). After one year, their findings revealed a higher survival rate and wider adoption of recommended business practices, however, they found feeble positive effects on profits. Similarly, in "Less is More: Experimental Evidence on Heuristic-Based Business Training in Ecuador", Arraiz et al. 2019 revealed the lower influence on profits of traditional business training to alternative (heuristic) approaches. In a meta-analysis, McKenzie 2020 gathers the results of a number of studies, finding an average increase of 5-10% in entrepreneurs' profits after standard business training.

Such a small influence on profits made researchers question about the cost-benefit of these programs and what could be improved in their design to boost their impact. Therefore, a number of proposals and innovations for these trainings have arisen, among others, kaizen methods, mentoring, heuristics, and psychology insights. McKenzie 2020

Figure 3.1: Estimates of the Impact of "Standard" (left) vs "Alternative" (right) Business Training on Firm Profits (extract), McKenzie 2020



presents the results of these alternative approaches and highlights their greater power in positively influencing entrepreneurs' profits, by an average of 14%.

3.2 Including Psychology

The extensions for the business training programs including psychological insights play an important role and are reviewed by Frese and Gielnik 2014 in "The Psychology of Entrepreneurship". The authors define entrepreneurship as the process of identification and exploitation of business opportunities. A proactive personality drives business success and setting challenging goals yields higher performance over time. Furthermore, they discuss that personal initiative is pivotal throughout the entrepreneurial journey because it helps differentiate the business, create advantages, and achieve better results. Nevertheless, a persistent behavior and a critical and problem-solving attitude are intrinsic to a resilient business.

All these characteristics can fall under the notion of soft-skills. Researchers have tested whether teaching soft-skills to entrepreneurs can actually improve treatment effects and, if so, through which channels. This is where the work of Ubfal et al. 2022 presented earlier comes in. In their study, they found that entrepreneurs in the soft skills group were more likely (11%) to experience positive profits than those in combined training (7%). Although they found that the increase in profits was mainly experienced by men, this change was due to greater adoption of recommended business practices by both men and women. In a similar study, "Teaching personal initiative beats traditional training in boosting small business in West Africa," Campos et al. 2017 demonstrated the effectiveness of such

programs. In 2014, they conducted an RCT on 1,500 Togolese microenterprises. One treatment group received classical business training, while the other was taught lessons on developing a proactive entrepreneurial mindset. Similar to Ubfal et al. 2022, the results supported the initial hypothesis that teaching entrepreneurs soft skills can better influence profits: over the time span of the experiment (2.5 years), monthly profits increased by 30 percent. In contrast to the results of Ubfal et al. 2022, they found that this increase is experienced by both men and women, but confirmed the adoption of new recommended practices as the main intermediate mechanism. In addition, their results seem to be more persistent throughout the duration of the experiment, which could be due to the participants' monthly visits conducted by a trainer ready to answer any questions and help them implement the principles taught during the training.

3.3 Including Mentors

Another relevant extension to basic business training is the inclusion of mentors assisting the participants.

For instance, in "Business Training and Mentoring: Experimental Evidence from Women-Owned Microenterprises in Ethiopia" by Mehrab et al. 2022, the authors test the effects of regular business training and mentoring for women-owned small firms in Ethiopia. Additionally, in response to the idea that it takes a while for changes in adopted business practices to translate into improved business outcomes, they examine the long-term impacts, up to 3 years after training. The RCT is structured as follows: first, the treatment group is given standard business training; second, the treated participants become mentors and are assigned three randomly selected mentees within their network. Mentors and mentees were asked to meet once a month for six months. While the first training significantly and positively affected participants' revenues and profits, the effects of mentoring on mentees' profits were positive but not significant. However, mentees experienced an increase in the adoption of business practices. In conclusion, Mehrab et al. 2022 mainly contributed to demonstrating the power of mentoring as a low-cost tool for transmitting knowledge and practices to improve business outcomes.

4 | Discussion

4.1 Strengths and Limitations

With "The impact of soft-skills training for entrepreneurs in Jamaica" Ubfal et al. 2022 provide evidence that soft-skills training is a valuable tool for increasing the effectiveness of business training programs. Specifically, their study was able to find a strong and positive treatment effect in the short term for promoting personal initiative and entrepreneurial mindset among business owners. Furthermore, while impacts on business outcomes were found only in the first follow-up, thanks to additional data collected during the second follow-up, soft-skills training appeared to enhance the perseverance, and more generally the soft-skills, of participants even 12 months after the training. Another valuable feature of this work is, for instance, the good quality of the data used. In fact, preliminary selection according to certain criteria and subsequent randomization and stratification provided particularly balanced and thus comparable groups. The characteristics within each group are particularly homogeneous, as also confirmed by the orthogonality test in Table 2.1, which does not reject the null hypothesis and thus makes the analysis even more robust.

Since Ubfal et al. 2022 adopted an RCT design, treatment compliance and study participation (i.e., attrition) are important factors. The authors pointed out that almost all participants adhered to their assigned group, eliminating any problems related to defiers, but the rate of participation in classes and follow-up surveys was not particularly high, as in other studies. In fact, only 73% of participants responded to the first follow-up and even fewer to the second, 59%. Such losses in the follow-up survey undermine the validity and statistical power of the study, and to avoid this, the authors performed several robustness tests. Nevertheless, Ubfal et al. 2022 pointed out that participants were reluctant to arrange follow-up meetings or often rescheduled them because of the popularity of scams in Jamaica. The authors were able to reduce this by introducing a reward for participating in the survey but with only weak results. In my opinion, in addition to cash incentives, possible solutions to the high level of dropout could be, for example, keeping contact with participants alive by sending them regular, personalized

updates and reminders. These communications, via e-mail or post, could also be used to deliver additional materials. Hopefully, when scheduling follow-up, participants would trust more the e-mail address or mail sender from whom they have received regular and useful messages, effectively creating a trusted channel. Another weakness of their work is the modest sample size. Initially, the contact list of interested entrepreneurs had about 2000 contacts, while the final sample size is only 945. Personally, I do not see this drastic reduction in number as a mere negative aspect, as the selection reduced heterogeneity and ensured robust results. However, as in any experiment, a larger sample size statistically increases the power and validity of the results and, as also suggested by McKenzie and Woodruff 2013, future studies should strive for a sample size of several thousand or more. One last limitation of the paper under review may be its time horizon. Other studies, such as the already mentioned Campos et al. 2017 and Mehrab et al. 2022, cover 2 and 3 years, respectively, compared with only 12 months for Ubfal et al. 2022. Because some effects may take longer to occur and thus to be detected, and different treatments may vary in the persistence of their effects, in this case, further follow-up surveys at 18 or 24 months would have helped to either confirm or not the effectiveness of soft-skills training.

4.2 New Directions

A critical issue often challenged with these training programs is their financial sustainability, as participants often do not experience large increases in profits and fixed costs are barely covered. For this reason, improving the efficiency of these programs as much as possible is critical in order to avoid wasting funds. In Chapter 3, I have already mentioned some common extensions; here, I examine some potential further improvements and ideas.

The inclusion of mentoring is likely to increase the adoption of business practices and positively influence profits. Ubfal et al. 2022 themselves suggest including individualized follow-up interventions, but this incurs even higher costs. An alternative design of traditional mentoring could reduce costs, for example, by making these meetings online or by phone, or, as in the Ethiopia trial by Mehrab et al. 2022, by designating previous participants as mentors instead of experienced ones. The idea of using inexperienced mentors may seem less effective, but I think that hiring previous participants as mentors might

be more beneficial, as they may have experienced similar problems and know more about the intrinsic and cultural characteristics of the market in which they operate.

Another crucial aspect in the design of corporate training is the validity and quality of the materials to include. Ubfal et al. 2022 used both novel materials and standard contents from the International Labor Organization courses. However, although the materials have been adapted to the local context, I believe it can take some time for trainers to get used to and become familiar with the materials, or to test the actual validity of the content. Therefore, since everything depends on what is taught, special attention should be paid to the creation of content, also allowing for periodic updates and corrections. In addition, as also suggested by McKenzie 2020, content should not only be tailored by country but also by company-specific sectors, since, for example, a mini-market experiences different challenges than a sawmill. The idea is that a tailored training program based on local and firm-specific characteristics is potentially more effective and efficient than a standardized one.

5 | Conclusion

Micro and small enterprises (MSEs) employ thousands of people around the world, particularly in developing countries. However, they are typically characterized by low productivity and their owners lack sufficient knowledge of basic management practices. Business training programs run by international organizations aim to tackle this problem and their design is often examined by researchers. In "The impact of soft-skills training for entrepreneurs in Jamaica", Ubfal et al. 2022 evaluate the effects of two types of training on 945 entrepreneurs in Jamaica. Based on the concept that personal initiative and perseverance are key components of an entrepreneur's success, one group received intensive classes on these topics. After three months, results revealed positive and statistically significant effects of soft skills training on profits, with a standard deviation of 0.11 compared to the mean of the control group. However, while both men and women began to adopt more recommended business practices after soft skills training, only men recorded better business outcomes after three months. While no significant effect was captured for the other treatment (i.e., combined training), the main intermediate mechanism explaining the short-term increase in profits was the adoption of new business practices. When it comes to designing corporate training, these findings highlight the power of including soft-skills in increasing the adoption of business practices among men and women and positively influencing profits. Soft-skills are not the only valid extension; other studies have also shown the effectiveness of using mentors to assist participants after training. In conclusion, further research should focus, for instance, on addressing the gender heterogeneous effects on business outcomes of business training to truly enable a shared, inclusive, and sustainable development.

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