

# Shocking Business Aspirations: Experimental Evidence from Small-scale Entrepreneurs in a Developing Economy\*

Patricio S. Dalton<sup>†</sup>

Julius Rüschenpöhler<sup>†</sup>

Bilal Zia<sup>‡</sup>

July 1, 2018

## Abstract

An important psychological factor that can stymie small-scale businesses growth opportunities in developing countries is aspirational constraints. We ask whether such constraints can be lifted exogenously, and if so, what determines the effectiveness of such intervention. We address these questions with a randomized controlled trial in Indonesia. We exogenously shock the aspirations windows of small-scale entrepreneurs by distributing a handbook of key business practices implemented by successful local peers. The handbook is complemented with two psychological and implementation nudges: a movie with business role models from the local area who demonstrate their path to success; and personalized business assistance to help entrepreneurs with individual implementation challenges. We show that small-scale business owners' aspirations strongly respond to our interventions, and these effects remain eighteen months after the interventions. In line with the theoretical literature, we find that the distance between the initial aspirations of the entrepreneurs and the business frontier is a key driver for the direction of the effects. Entrepreneurs with high business aspirations at baseline respond positively to the treatments and increase business aspirations, sales, and profits; while those with low initial aspirations respond negatively and decrease their business aspirations and performance. We find similar heterogeneity in complementary aspirations for children's education and satisfaction with household finances. These results confirm that initial levels of aspirations are crucial in determining how entrepreneurs respond to exogenous aspirational shocks.

**Keywords:** Aspirations, Aspirations Failure, Aspirations Frustration, Small-business Growth, Business Performance, Subjective Well-Being, Randomized Control Trial.

**JEL Codes:** O12; L26; M20; O17; M50;

---

\*We thank the Abdul Latif Jameel Poverty Action Lab (J-PAL) for hosting our study, in particular Raisa Annisa, Ni Luh Putu Satyaning Pradnya Paramita, Lukman Edwindra, and Dwitri Amalia for excellent research assistance. This paper was produced under the framework of the “Enabling Innovation and Productivity Growth in Low Income Countries (EIP-LIC/PO5639)” project, funded by the Department for International Development (DFID) of the United Kingdom and implemented by Tilburg University. Additional funding was received by The World Bank and Tilburg Economics Department. Research on the ground was conducted in cooperation with J-PAL South-East Asia and SurveyMETER.

<sup>†</sup>Tilburg University, Department of Economics and Center, Warandelaan 2, 5037 AB, Tilburg, The Netherlands. E-mail corresponding author: p.s.dalton@uvt.nl (corresponding author), j.ruschenpohler@uvt.nl

<sup>‡</sup>The World Bank, Development Research Group, 1818 H St. N.W. Washington, D.C. 20433. E-mail: bzia@worldbank.org.

# I Introduction

It is a long-standing puzzle in development economics why poor individuals and small-scale businesses often do not exploit productive investment opportunities (see, Banerjee and Duflo, 2013; de Mel, McKenzie, and Woodruff, 2008; McKenzie and Woodruff, 2008; Karlan and Zinman, 2010). Beyond classical work on imperfections in the markets for credit and insurance (e.g., Banerjee, Duflo, Glennester, and Kinnan, 2015; Banerjee, Duflo, and Hornbeck, 2017), lack of formal saving instruments (e.g., Dupas and Robinson, 2013a,b), low human capital (e.g., Anderson, Chandy, and Zia, 2018; McKenzie and Woodruff, 2014), and institutional constraints (e.g., Bardhan, 1997), a more recent literature highlights psychological constraints as a possible explanation for foregone investments both at the individual- and firm-level (see, e.g., Duflo, 2012; Bernheim, Ray, and Yeltekin, 2015; Banerjee and Mullainathan, 2008; Ashraf, Karlan, and Yin, 2006; Bertrand, Mullainathan, and Shafir, 2004).

One important psychological factor that can stymie growth opportunities is aspirational constraints (Ray, 2006; Genicot and Ray, 2017; Dalton, Ghosal, and Mani, 2016; Bogliacino and Ortoleva, 2014; Lybbert and Wydick, 2018). As argued by Appadurai (2004) and Ray (2006), poverty may affect an individual's capacity to aspire in order to contest and alter one's own conditions, in turn discouraging investment in self-betterment and hampering the ability to grow. According to this literature, the capacity to aspire is socially determined by the agent's aspirations window, which is influenced by social comparisons with the achievements of others who are similar in spatial and socio-economic backgrounds. An important question is to what extent widening aspirations windows can be an effective measure to help people escape poverty. Ray (2006) and Genicot and Ray (2017) provide a testable hypothesis based on theory: It depends on the extent to which the aspirations window is open. In the words of Ray (2003, p.4) "If economic betterment is an important goal, the aspirations window must be opened, for otherwise there is no drive to self-betterment. Yet it should not be open too wide: there is the curse of frustrated aspirations. There must be individuals in our immediate cognitive neighborhood who do better than we do, yet if they do a lot better, there will be no investments made..." Dalton et al. (2016) arrive at a similar prediction with a different model, which shows that a positive shock to aspirations will be an effective policy to move people out of an aspirations-based poverty trap only if their initial aspirations are high enough and resources to satisfy rising aspirations are available. In contrast, a policy aiming at raising aspirations of people with too low aspirations will not be effective.

Despite its potential for explaining patterns of persistent poverty, to the best of our knowledge,

these predictions have not been empirically tested. With notable exceptions in the domain of household and educational aspirations (see, Bernard, Dercon, Orkin, and Taffesse, 2014; Riley, 2017; Macours and Vakis, 2014; Beaman, Duflo, Pande, and Topalova, 2012), evidence on the relationship between aspirations windows, aspirations, and achievement is mostly correlational and based on household-level cross-sectional and panel data. In a recent empirical study, (Dalton, Rüschenpöhler, and Zia, 2018) shows that aspirations of small-scale retailers in Jakarta are strong predictors of savings, plans for credit, business expansion, and business innovation. What remains unclear is whether the business aspirations of small-scale entrepreneurs are amenable to an exogenous widening of their business aspirations windows and how this can be done. Do aspiration levels change at all? If so, does the direction of this change depend on initial aspiration levels, as theory predicts? More generally, what is the impact of a shock to business aspirations on business performance, the entrepreneurs' aspirations for their family, and their subjective well-being?

We address these research questions in this paper with a randomized control trial among urban retail shop owners in Indonesia. The study is designed to test the causal predictions of theory by providing an exogenous shock to the aspirations windows of small-scale entrepreneurs. To do so, we distribute a handbook of profitable and easy to implement business practices used by successful local peers (hereafter *Handbook*). The *Handbook* was developed by combining the results from an extensive baseline survey with qualitative interviews on implementation practices. We interpret the *Handbook* as a pure shock to the information available to the entrepreneur on local pathways to business growth implemented by relevant peers. Using the jargon of the aspirations literature, the *Handbook* aims at “populating the cognitive neighborhood” of the small-scale entrepreneurs in our sample with the practices used by their best-performing peers. Crucially, the practices depicted in the *Handbook* are adapted to the context in suitability and simplicity and are implementable at essentially no economic costs.

The *Handbook* treatment is complemented with two psychological and implementation nudges aimed at improving the capacity to aspire and achieve. First, a randomly selected subgroup of business owners are invited to watch a documentary broadcasting five successful role models who describe their experience with implementing business practices and demonstrate how these practices helped them grow (hereafter *Movie*). Second, another random subgroup of businesses is offered two sessions of personalized, hands-on implementation assistance on topics related to the *Handbook* (hereafter *Assistance*). Finally, a third group of businesses is offered both the *Movie* and *Assistance* to test for possible complementarities.

Both the *Movie* and the *Assistance* aim to foster the agency of entrepreneurs to adopt the

profitable business practices in the handbook, and develop their capacity to aspire and achieve. The former does so by providing vivid examples of how peers have successfully implemented the particular practices; and the latter by demonstrating the applicability of the practices in the entrepreneur's own idiosyncratic environment. Since all entrepreneurs are exposed to the same frontier of practices, we use predictions from theory to test how initial distance of the entrepreneurs' aspirations to the frontier affects changes in their aspirations window. Specifically, we expect that the effectiveness of our interventions will depend on how distant the entrepreneurs perceive they are from the examples they get exposed to with the treatments.

Our empirical analysis is based on two follow-up surveys, six months and eighteen months after the interventions. We find statistically significant and economically meaningful effects on several dimensions of business aspirations as well as on business sales and profits. Importantly, these effects sharply follow the divergence predicted by Ray (2006), Genicot and Ray (2017), and Dalton, Ghosal, and Mani (2016). Entrepreneurs whose business aspirations are above the median at baseline increase their aspirations, especially for customers and business sales, in reaction to both the *Movie* and the *Assistance*, and show considerable gains in monthly profits of USD 405 to USD 578 (33 to 47 percent improvement) and in business sales of USD 1329 to USD 1598 (15 to 18 percent improvement) over the control group. In contrast, entrepreneurs who report below-median aspirations at baseline lower their aspirations further and report significant reductions in business sales by USD 1088 (41 percent reduction) in reaction to the *Handbook*.

We also study complementary impacts of shocking business aspirations on other aspiration dimensions of the entrepreneur, specifically aspirations for their children's education and their own valuations of well-being. We find that the divergence predicted for business aspirations is also reflected in their family aspirations. At endline, entrepreneurs with above-median business aspirations at baseline when assigned to treatment aspire to almost one year more educational attainment for their children than the control group, and are more likely to aspire for their children to reach, on average, Masters-level university education. In contrast, entrepreneurs with below-median baseline aspirations lower their educational aspirations for children. This evidence suggests that, for the small-scale entrepreneurs in our sample, business and family aspirations are complements rather than substitutes.

Finally, we find significant and sustained positive effects on overall financial satisfaction with entrepreneurs of above-median baseline aspirations reporting gains of up to 9 percent (0.26 standard deviations). Moreover, we detect significant positive effects on life satisfaction scores for these entrepreneurs eighteen months after the treatment. In contrast, the satisfaction scores of entrepreneurs

with below-median baseline aspirations are not significantly different from the control group.

Combined, the findings of this paper confirm that indeed, as Ray (2006), Dalton, Ghosal, and Mani (2016), and Genicot and Ray (2017) predict, distance from the efficient frontier is key and if the aspirations window is opened too wide then this can be counter-productive for promoting a growth mindset. The sharp heterogeneity also suggests an important role for policy in the design of such programs. Specifically, while widening the aspirations window can be an effective policy tool for those whose aspirations are already close to the business local frontier, highlighting the same for entrepreneurs further away from the frontier may lead to opposite impacts.

This paper contributes to several strands of literature. First, it adds to the empirical literature on aspirations and poverty (e.g., Bernard, Dercon, Orkin, and Taffesse, 2014; Riley, 2017; Beaman, Duflo, Pande, and Topalova, 2012; Janzen, Magnan, Sharma, and Thompson, 2017). To the best of our knowledge, these findings provide first empirical evidence for the theoretical prediction by both Genicot and Ray (2017) and Dalton, Ghosal, and Mani (2016) that, in the absence of binding economic constraints, changes in aspirations can be sustained over the long-term. We show that, in the context of small-scale businesses, performance levels follow changes in business aspirations as predicted by theory. Moreover, we provide first empirical evidence consistent with the concept of aspirations frustration (Ray, 2006; Genicot and Ray, 2017) and for the causal role of aspirations in subjective well-being. We add further by investigating the important role of providing soft psychological and implementation nudges to nurture the entrepreneurs' capacity to aspire and to achieve.

Second, we contribute to the literature on small-business growth. We complement Dalton, Rüschenpöhler, and Zia (2018), who document strong associations between business aspirations and productive investment and innovation, with experimental evidence of both the malleability of business aspirations and their impact on firm performance. This has implications also for strands of the literature which focus on business mentoring (e.g., Brooks, Donovan, and Johnson, 2017; Cai and Szeidl, 2018), business counseling, consulting, and training (for reviews see, Carpena, Cole, Shapiro, and Zia, 2017; McKenzie and Woodruff, 2014), and business plan competitions (e.g., McKenzie, 2017; Bjorvatn, Cappelen, Helgesson Sekei, Sørensen, and Tungodden, 2015). Lastly, our findings speak to a recent literature on the identification of businesses with potential for rapid growth (see, Fafchamps and Quinn, 2016; Fafchamps and Woodruff, 2017). We provide evidence on the conditions through which exogenous changes in aspirations windows does indeed cause business growth.

Third, the paper adds to the growing literature on the effectiveness of role models in promoting behavioral change (see, e.g., Berg and Zia, 2017; Beaman, Duflo, Pande, and Topalova, 2012; La

Ferrara, Chong, and Duryea, 2012; Chong and La Ferrara, 2009; Kearney and Levine, 2015; Bernard, Dercon, Orkin, and Taffesse, 2014; Riley, 2017). In the context of development economics, interventions involving role models have been used to affect financial knowledge and behavior (Berg and Zia, 2017), separation and divorce rates (Chong and La Ferrara, 2009), fertility (La Ferrara, Chong, and Duryea, 2012), teen pregnancies (Kearney and Levine, 2015), educational outcomes (Beaman, Duflo, Pande, and Topalova, 2012; Riley, 2017), or individual investment behavior and savings (Bernard et al., 2014). We add to this in providing evidence that role-model interventions can also affect the growth aspirations of small-business owners and their business performance. We further contribute by quantifying the effect of a role-model intervention against a purely informational shock.

Finally, our results speak to the empirical literature on well-being and income aspirations (e.g., Easterlin, 1995, 2001, 2003; Clark, Frijters, and Shields, 2008; Frey and Stutzer, 2002). We show that exposing small-scale entrepreneurs to their successful peers can have positive net effects, especially for individuals with high aspirations at baseline. We differ from Bernard, Dercon, Orkin, and Taffesse (2014) in that we provide *Assistance* alongside a role-model treatment and show that, in conjunction, these interventions can positively affect both financial and life satisfaction levels in the long-term. By providing first experimental evidence on the effect of widening aspirations windows on the entrepreneur’s aspirations both for their business and their children’s educational prospects, we also contribute to a nascent literature on potential substitution effects among multiple dimensions of aspirations (see, e.g., Bernard, Dercon, Orkin, and Taffesse, 2014; Bjorvatn, Cappelen, Helgesson Sekei, Sørensen, and Tungodden, 2015). This is particularly important in a context where large parts of self-employment are essentially subsistence-oriented. Our findings suggest that, in this sample of small-scale entrepreneurs, business and family aspirations are complements rather than substitutes and that, consequently, no discernable negative impact on well-being can be detected.

The rest of the paper is organized as follows. In Section II, we introduce the concepts of aspirations failure and aspirations windows and lay out our own approach in connection to this literature. Section III outlines the experimental design and Section IV describes the data and estimation method. Section V reports the results and Section VI concludes.

## II Framework and Hypotheses

The concept of aspirations and the potential for explaining patterns of persistent poverty is not new to the study of development economics. Since Simon (1955) and Selten (1998) and more recently Bogliacino and Ortoleva (2014), Dalton, Ghosal, and Mani (2016), and Genicot and Ray (2017),

aspirations have been conceptualized as reference points. Thus, losses and gains relative to the initial level of aspirations are what determine investment incentives, and in turn, performance and achievement. Understanding the causal determinants of entrepreneurial aspirations has both research and policy relevance. This section lays out the hypotheses for how our experimental interventions are expected to affect entrepreneurs' business and family aspirations, and through them, their business performance and subjective well-being. The hypotheses tested in this paper are directly derived from predictions of the models introduced by Dalton, Ghosal, and Mani (2016) and Genicot and Ray (2017).

## A The Effect of Aspirations Windows on Aspirations

In his work on the social formation of aspirations, Ray (2003, 2006) defines the aspirations window of an agent as "her zone of 'similar', 'attainable' individuals" (Ray, 2003, p.1), that is, their "spatially, economically, perhaps even socially" close others (Ray, 2003, p.2). Aspirations are formed through "the lives, achievements, or ideals" (Ray, 2003, p.2) of such individuals. Consistent with this conceptualization, there is broad empirical support for the notion that relative status within a community or neighborhood has some bearing on individuals' aspirations (Bernard, Dercon, Orkin, and Taffesse, 2014; Beaman, Duflo, Pande, and Topalova, 2012; Janzen, Magnan, Sharma, and Thompson, 2017; Knight and Gunatilaka, 2012; Stutzer, 2004). In an instructive example, Macours and Vakis (2014) show how plausibly exogenous proximity to females in leadership positions may have opened local women's aspirations windows in a field experiment in Nicaragua.

Inherent in this view of socially determined aspirations is the notion that aspirations can be improved by opening aspirations windows (see, Ray, 2006; Genicot and Ray, 2017; Janzen, Magnan, Sharma, and Thompson, 2017). In the framework of Genicot and Ray (2017), the agent maximizes the net benefits of effort investment considering two possible outcomes: satisfying their aspirations or failing to satisfy them. In this context, there is a threshold level of aspirations at which the agent is indifferent between exerting high effort and reaping utility from satisfying their aspirations, or exerting low effort in frustration. Hence, opening aspirations windows may only be optimal up to a point beyond which individuals in the zone of relevant peers may become too dissimilar to the agent and aspiration levels too high to be worthwhile attaining.

By opening aspirations windows up to the same level for all entrepreneurs, the design of our study creates natural heterogeneity in treatment shocks conditional on initial aspiration levels. We ask whether the distance between the entrepreneur's initial aspirations and the efficient frontier

accounts for a potential divergence in aspiration levels at endline. We expect entrepreneurs aspiring high at baseline to be more likely to perceive the shock provided through the *Handbook* as a relevant enlargement of their aspirations windows by the achievements of similar others and to react by increasing aspiration levels and exerting greater effort. In contrast, entrepreneurs with low aspirations at baseline will see dissimilar others migrate into their aspirations windows and, following Ray (2006) and Genicot and Ray (2017), will be more likely to see their aspirations frustrated. Given the theory, this should result in a divergence in aspirations and outcomes with initial aspiration levels mediating the change.

## B The Effect of Business Aspirations on Business Performance

Dalton, Ghosal, and Mani (2016) develop a model in which differences in initial wealth exacerbate common behavioral biases to produce an aspirations-based poverty trap. In it, behavioral individuals take their aspiration levels as given when choosing effort to invest in the future, even though aspirations are determined by effort and achievement in equilibrium. For both the poor and the rich, this bias leads to suboptimal choices of effort investments. However, since lower wealth levels reduce the marginal benefit of exerting effort, it is the poor individuals who are more likely to aspire below their true potential. That is, poor individuals end up choosing to exert less effort and to set less ambitious aspirations with respect to their true potential. This leads to multiple welfare-ranked equilibria. If constraints to achieve aspirations are not binding and initial aspirations levels are close to an aspirations threshold, an exogenous shock to aspirations can propel the individual out of the aspirations-based poverty trap and move the individual to an equilibrium with higher effort, higher aspirations, and better outcomes. Galiani, Gertler, and Undurraga (2018) shed light on the case in which resource constraints are, in fact, binding. Here, the poor individual, once propelled out of the bad equilibrium of a poverty trap through an exogenous shock to aspirations, may not be able to sustain their increased aspirations in the long-term. In the context of a field experiment that randomizes improvements in housing quality to inhabitants of poor slums in Mexico, Uruguay, and El Salvador, the authors show that individuals in the control group indeed report higher aspirations for home improvements in the short-term. However, investment levels did not change and any gains in aspirations receded eight months after treatment.

Since we provide a step-by-step guidance on business practices which can be implemented at no economic costs, by design, our study creates an environment in which economic constraints to satisfying rising aspirations can be plausibly assumed not to be binding. In addition, the nudges

provided by *Movie* and *Assistance* are based on and are almost perfectly equivalent to the content of the *Handbook*, such that treatment effects beyond the *Handbook* cannot be driven by purely informational shocks. In the short-term (i.e. six months after treatment), we expect aspiration levels to rise in response to each of the treatments. In the absence of binding economic constraints to satisfying higher aspirations, we moreover expect (i) an increase in business performance in the short-term and (ii) for higher aspirations and better performance to be sustained in the long-term (eighteen months after treatment). It is an open question whether, in the absence of economic constraints, agency constraints hold back aspirations and performance. Following the literature on role models and behavioral change, we expect the increase in business aspirations and performance to be stronger for entrepreneurs exposed to *Movie* and *Handbook* than for those assigned to the *Handbook Only*.

## C The Effect of Business Aspirations on Family Aspirations

While there is a growing literature on the impact of aspiration levels on effort and investment, much of this literature has been limited to conceptualizing aspirations as one-dimensional and as pertaining to income only (see, e.g., Janzen, Magnan, Sharma, and Thompson, 2017; McBride, 2010; Stutzer, 2004; Knight and Gunatilaka, 2012). In contrast, Ray (2003, 2006) acknowledges that “the concept of aspirations itself may be inherently multidimensional” and that “depending on one’s place in the socio-economic hierarchy, these many-faceted aspirations may complement one another, or they may be mutual substitutes” (Ray, 2003, p.2). Such a multidimensional view on aspirations is arguably of particular relevance in the study of small-business growth and entrepreneurship in developing countries where, typically, a majority of individuals are self-employed (e.g. Maloney, 2004; Gollin, 2008; Nchter and Goldmark, 2009). While common, such small-scale firms are often not the only source of household income and their owners are often compelled to divide their time between business tasks, household chores, and child rearing. Indeed, in our sample, 79 percent of the enterprises are operated from within the entrepreneur’s household. An exogenous shock to the entrepreneur’s aspirations window may simply render one dimension salient at the expense of another in the pursuit of utility maximization or change the relative marginal benefits of time spent on business task versus in the household or with their children.

Though the empirical literature is still sparse, there is some evidence on the interplay of different aspirations dimensions. Considering multiple dimensions of Ethiopian villagers’ individual aspirations, Bernard, Dercon, Orkin, and Taffesse (2014) report treatment effects of a role-model in-

tervention on the aspirations for their children’s educational attainment. The study finds no impacts on these other aspiration dimensions or on measures of life satisfaction. The authors conjecture that the finding may be due to a strong local belief in the returns to education in the wake of comprehensive government reform. However, aspirations for their childrens’ prospects may simply act as a substitute for aspirations towards the individual’s own income and social status. Bjorvatn, Capellen, Helgesson Sekei, Sørensen, and Tungodden (2015) offers further suggestive evidence along these lines from a field experiment among school students in Tanzania. The authors show that exposure to an edutainment program that motivated entrepreneurship among students facilitated interest in entrepreneurship and business start-up but decreased school performance and graduation rates.

In this paper, we consider the multidimensionality of aspirations by measuring the entrepreneur’s aspirations for their children’s educational attainments alongside their business aspirations. We explore potential substitution effects between these aspirations dimensions by capturing the effect of widening aspirations windows on educational aspirations.

## D The Effect of Business Aspirations on Subjective Well-being

Though the literature on aspirations and poverty has largely established that aspirations correlate with forward-looking behavior and investment (see, e.g., Janzen, Magnan, Sharma, and Thompson, 2017; Dalton, Rüschenpöhler, and Zia, 2018; Kosec and Mo, 2017; Favara, 2017; Ross, 2017; Serneels and Dercon, 2014) and that aspirations are amenable to change (e.g., Bernard, Dercon, Orkin, and Taffesse, 2014; Macours and Vakis, 2014; Beaman, Duflo, Pande, and Topalova, 2012; McBride, 2010), it is not clear what the welfare consequences of such change should be on the treated individuals. As common proxies for individual utility, self-reported happiness and well-being should offer first insights into the impact of aspirations-based interventions on individual welfare (see, e.g., Clark and Oswald, 1994; Oswald, 2016; Ng, 1997; Easterlin, 2001; Stutzer, 2004; Frey and Stutzer, 2000, 2002). Generally, the happiness literature finds happiness to increase in income but decrease in income aspirations (e.g., Easterlin, 1995, 2001, 2003; Stutzer, 2004; Knight and Gunatilaka, 2012; Clark, Frijters, and Shields, 2008; Frey and Stutzer, 2002). Using a large cross-section from Switzerland, Stutzer (2004) provides evidence for a negative correlation between aspiration levels and life satisfaction. Knight and Gunatilaka (2012) find the same result in a cross-section from rural China. McBride (2010) corroborates this finding in the controlled environment of a laboratory study, confirming the importance of relative judgments for happiness found in previous lab research (see, e.g., Tversky and Griffin, 1991; Smith, Diener, and Wedell, 1989).

Social comparisons may also drive changes in happiness and satisfaction. The literature finds that improvements in the incomes of relevant peers tend to decrease individual happiness (e.g., Clark and Senik, 2010; Fafchamps and Shilpi, 2008; Luttmer, 2005; Ferrer-i Carbonell, 2005; Stutzer, 2004; Senik, 2004, 2009). This social channel is consistent with the models of (Ray, 2006; Genicot and Ray, 2017; Janzen, Magnan, Sharma, and Thompson, 2017). A shock to the exposure to well-off peers may thus cause changes in the individual's aspiration levels which, in turn, impact happiness. Moreover, potential substitution effects between multiple dimensions of aspirations, as outlined above, may provide a further channel of how aspirations impact subjective well-being.

We are able to shed light on the impact of social comparisons on subjective well-being in that we expose entrepreneurs to the example of aspirational peers with the *Movie* and measure the entrepreneur's satisfaction with their finances and with life in general. Following the happiness literature (e.g., Easterlin, 1995, 2001, 2003; Clark, Frijters, and Shields, 2008; Frey and Stutzer, 2002), any treatment effect on subjective well-being will be the net effect of a positive income effect and a negative effect from rising aspirations. Since the exposure to successful, well-off peers differs in impact by the distance to this frontier, we expect entrepreneurs closer to it (above-median baseline aspirations) to benefit more from the intervention in terms of satisfaction levels than those further from it (below-median baseline aspirations). In contrast, the direction of the overall effect depends on the relative magnitudes of the opposing effects of income and aspirations and is, therefore, not clear ex ante. By providing *Assistance*, we explore the possibility that increases in perceived agency may contribute to raising satisfaction levels.

### III Research Method

#### A Study Location and Population of Interest

The study was conducted in Jakarta, the capital city of Indonesia. While the city of Jakarta is home to roughly 10 million inhabitants, 30 million people live in its metropolitan area including the peripheral cities of Bogor, Depok, Tangerang, and Bekasi (“Jabodetabek”). We draw our sample from the population of traditional retail businesses in the city of Jakarta (excluding “Jabodetabek”). Locally known as “toko kelontong” or “warung”, shops of this kind are ubiquitous in Indonesia where retail and hospitality is the second largest sector of employment following agriculture (Indonesian Ministry of Cooperatives and SMEs Indonesia, 2011). Offering staples such as rice, nuts, and beans but also snacks, sweets, beverages, toiletries, cigarettes, and other convenience goods, traditional

retail shops are concentrated largely in residential areas and adjacent to traditional markets for vegetables, fruits, rice, meat, and fish. Most are operated as family businesses with only 2.43 percent employing any hired labor. Appendix A shows pictures of two shops representative of this sample.

## B Sampling Frame

For logistical reasons, we restricted the area of study to the 144 districts of the city of Jakarta, excluding the wider metropolitan area (“Jabodetabek”). Of the 144 districts that comprise the city of Jakarta, we dropped all 32 districts of Northern Jakarta (“Kota Jakarta Utara”) due to a small and medium enterprise training program being run by a large retail chain. Out of the 112 eligible districts, we randomly selected 29 districts to be part of the research.<sup>1</sup> Within these 29 areas of study, we conducted a listing exercise to create a list of all businesses which met the following four selection criteria: (i) shop size of at least  $4m^2$ , (ii) at least two different product categories on offer, (iii) no handcart or other moveable business premises, and (iv) no franchise of larger retail chains. Regarding the sampling procedure, within each district a team of two to three enumerators would first request a map of *community-level* boundaries at the local district office. This enabled us to avoid marketplaces with high population density, which would make the research design vulnerable to spillover concerns. Spillovers were further controlled by sampling only businesses which were at a distance of at least 30 meters from each other. This procedure yielded a total of 2042 businesses of which we randomly selected a sample of 1301 to be included in the study.

## C Experimental Design

In order to create exogenous variation in the exposure to treatment, we divided the sample into four treatment groups ( $N = 260$  each) and one control group ( $N = 261$ ). Randomization was stratified according to (i) gender, (ii) business size (below  $6m^2$ , between  $6$  and  $10m^2$ , or above  $10m^2$ ), and (iii) a dummy for whether the entrepreneur scored above or below the median in a composite of business practices.

All treated entrepreneurs ( $N = 1040$ ) received the *Handbook* which characterized local best practices in doing business and provided step-by-step advice on their implementation. Orthogonal to this, subsets of businesses received different combinations of the *Handbook* and two additional treatments. One group of 520 recipients of the *Handbook* were invited to the screening of a role-

---

<sup>1</sup> Appendix B provides a map of the districts of study in the context of the wider metropolitan area.

model movie in which successful peers explained their own trajectory of growth adopting the top practices. A second group of 520 recipients of the *Handbook* were offered individualized business assistance with trained counselors who provided specific assistance on adoption of business practices. Since assignment to the *Movie* and *Assistance* partly overlapped, this resulted in four treatment groups: *Handbook Only*, *Handbook and Movie*, *Handbook and Assistance*, and *All Three*.

Regarding the timing of activities, we conducted the listing exercise in January 2016 and administered the baseline survey in March and April 2016. Interventions took place in October and November 2016. These were followed by a first endline survey conducted in April and May 2017 and a second endline survey in April and May 2018.<sup>2</sup>

## D Interventions

### D.1 Handbook

#### *Selection of Best Practices*

The business practices presented in the *Handbook* are the ones identified as the most profitable in the local context among a total set of 84 practices studied. In order to identify these local best practices we relied on a detailed baseline survey that collected data on the business practices. As detailed in Dalton, Rüschenpöhler, Uras, and Zia (2018), we used multivariate regressions of firm performance measures (sales, profits, number of customers) against sets of business practices to identify which of the practices were most predictive of performance in our sample. Practices were ranked based on the number of specifications where their coefficients were statistically significant, and the magnitude of the coefficients. Through this protocol, we identified a set of fourteen best practices to be included in the *Handbook*.<sup>3</sup> The *Handbook* further relied on qualitative interviews with 102 small-scale entrepreneurs who were not part of our sample but had a similar business profile. These interviews provided guidance and adoption strategies which helped develop and guide the writing of the handbook.

#### *Handbook Production*

The *Handbook* focuses on five business practice topics with dedicated chapters on keeping records, calculating profits, planning stock-up purchases, attracting new and retaining old customers, and discussing and cooperating on business decisions. Each chapter introduces the identified best practices in a simple way, and emphasizes the local origin of the data and the direct relevance of the

---

<sup>2</sup>For a detailed timeline, see Appendix C.

<sup>3</sup>For a complete list of all the practices mentioned in the *Handbook*, see Dalton, Rüschenpöhler, Uras, and Zia (2018).

information. The first page provides an outline of the content, followed by brief statements that correct misperceptions about practices, which were identified in the qualitative interviews. The remainder of the text highlights the returns to the relevant practices, as per our quantitative baseline analysis, and is supported by illustrative examples, figures, tables, and pictures. Each chapter concludes with a rules of thumb guide on how to implement the business practices covered in the chapter.

The handbook is written such that it can be read cover to cover as well as cursorily since all chapters are self-contained and provide necessary and independent information. We also supplemented the handbook with an exercise book that provides space and structure for the business owner to start keeping business records, for instance recording a stocking-up schedule as per instructions provided in the handbook.

## D.2 Movie

### *Selection of Role Models*

In order to identify potential entrepreneurs for the role model exercise, we conducted in-person surveys with 102 shop owners in the pre-pilot stage of the study. Nine candidate were short-listed with the highest number of business practices in place, as per McKenzie and Woodruff (2017). For these nine entrepreneurs, we conducted in-depth interviews to understand their trajectory of growth and their business growth aspirations. We also inquired about their adoption of various business practices and recorded their personal implementation experiences. Based on these interviews, we selected five entrepreneurs who best represented the local frontier of best practices and acquired informed consent for their appearance as role models in our *Movie*.

The five role models were heterogeneous in terms of shop size, gender, age, and ethnicity. This heterogeneity is important since similarity cues based on gender, age, and ethnicity have been shown to facilitate social learning besides cues of success, competence, skill, and knowledge (see, e.g., Rendell, Fogarty, Hoppitt, Morgan, Webster, and Laland, 2011; Efferson, Lalive, and Fehr, 2008; Chudek, Brosseau-Liard, Birch, and Henrich, 2013; Henrich and Gil-White, 2001; Corriveau and Harris, 2009; McElreath, Bell, Efferson, Lubell, Richerson, and Waring, 2008). Moreover, the differences in business size are intended to show the range of possibilities for business growth and therefore facilitate the opening of “aspirations windows” (Ray, 2006). On average, the smallest businesses in our sample are roughly as large as the very smallest shop shown in the *Movie*. Larger businesses in our sample are on par with larger role-model shops but smaller than the very largest aspirational example.

### ***Movie Production and Screening***

A professional production company was hired to shoot and edit the *Movie*. We supervised all aspects of the process, from script writing and shooting to post-production. The final *Movie* is 25 minutes in length and depicts each entrepreneur's experience and success with a set of business practices, the impact of their use on the business, and specific implementation advice. Overall, the movie seeks to establish aspirational goals for viewers with the adoption of business practices framed as pathways to business success.

We conducted public screenings of the movie in each of the 29 districts at a local school or other public space. All screening locations were central and accessible to all invited businesses. In order to incentivize attendance, shop owners were offered IDR 100,000 (USD 24.68) as a show-up fee. In addition, we offered two alternative screening dates in each district and sent individual text message reminders the day prior to each screening.

Each screening was followed by a facilitation session by a trained counselor who clarified any doubts and answered questions from the audience. The screening ended with a short feedback survey and payment of the show-up fee.

### **D.3 Assistance**

For the *Assistance* intervention, we trained local staff ourselves based on the content of the handbook. The training was conducted over three days and included classroom-style lectures as well as role play and pilot visits to retail businesses in districts external to the study. The 20 facilitators trained through this process were then randomly assigned to businesses in our study and were supervised by senior staff.

The protocol for each shop visit was as follows. The facilitator first confirmed the identity of the business owner and then asked which aspects of the handbook needed clarification. Based on the owner's response, the facilitator chose one of three options. First, if the entrepreneur had started implementing a practice but had encountered problems along the way, the facilitator would document the issues and start giving standardized implementation advice. Second, if the entrepreneur had not started implementing any practice but had made progress reading the handbook, the facilitator documented any issues with the material and then gave standardized advice. Once all issues were dealt with, they would encourage the entrepreneur to go through the rest of the chapter under their supervision. Third, if the entrepreneur had not yet started reading the handbook, the facilitator

would elicit their priorities among the practices and start introducing the chapter corresponding to the most relevant practice.

Each counseling session lasted approximately 40 minutes. At the end of the first visit, the entrepreneur was asked to establish goals for the implementation of a practice covered during the visit and for the study of selected material. A second visit was scheduled two weeks after the first and at the convenience of the entrepreneur. This second visit followed the same protocol as the first with the difference that the starting point was determined by the work left from the first session and the entrepreneur's priorities elicited during that visit.

## E Treatment Compliance

Table 2 presents the movie take-up and assessment. Out of the 520 shop owners invited to the movie screening, 260 showed up at the venue for the film screening session. This is in line with previous experiences of low take-up rates for interventions requiring attendance. In particular, evaluations of business training interventions have been fraught with weak attendance (for a review, see McKenzie and Woodruff, 2014). Drexler, Fischer, and Schoar (2014) report take-up rates comparable to ours for both a standard business training and a more intuitive rule-of-thumbs based approach. Giné and Mansuri (2014) and Bruhn, Karlan, and Schoar (2018) document problems equivalent in magnitude. Bruhn and Zia (2013) observes even lower attendance, of below 40 percent of invitees. Calderón, Cunha, and De Giorgi (2013) and Premand, Brodmann, Almeida, Grun, and Barouni (2016) report attendance below 70 percent. With the exception of the interventions by Drexler, Fischer, and Schoar (2014), costs per participant for either of these interventions are typically many times higher than the expenses per person of this study. Moreover, we find low attendance despite a meaningful show-up compensation of IDR 100,000 (USD PPP 24.68) which every invited shopkeeper in the movie treatment group was offered. Table 2 also shows that, despite moderate take-up, the feedback from the movie screening was very positive. Entrepreneurs who attended reported to have learned something new, to feel inspired, and to be hopeful after watching the movie.

With respect to the *Assistance*, compliance rates were higher, with 77 percent receiving the first and 68 percent receiving both sessions of the intervention (see Table 3). The higher compliance rate may be because *Assistance* was provided in the business premises and visits were individually scheduled with each assigned entrepreneur. As Table 3 shows, overall feedback was positive as well.

## IV Data and Estimation Method

### A Description of Variables

The empirical analysis of this paper draws on three waves of data collection, one baseline and two endline surveys at 6 month and 18 months after the interventions. Besides a wide range of entrepreneurial and business characteristics, such as business performance and practices, these surveys included detailed measures on the aspirations of the entrepreneur, both towards their business and the education of their children.

#### *Business and Family Aspirations*

Regarding business aspirations, we elicit both short-term and long-term aspirations for different business dimensions. For the short-term, we asked: “Please imagine your business a year from now. How large do you imagine your business premises to be? How many people will work there? How many customers will come by on a normal day? What are the daily sales you aspire to have?”. For the long-term, we ask *“Please imagine your ideal business. How large is your shop? How many people work there? How many customers come by on a normal day?”*. Complementing these long-term aspirations, we elicited the aspirations horizon: *“How many years do you think it will take for you to achieve your ideal business?”*. On each dimension, responses were primed by reminding respondents of their current levels. Respondents answered with estimates in square meters, numbers of employees and customers, and amounts of daily sales in Indonesian Rupiah. We use the levels for each dimension as outcomes to capture potential treatment effects. Additionally, we compute aggregate scores for business aspirations by averaging z-scores for each dimension.

Further, we measure the aspirations of the entrepreneur towards their children’s educational attainment<sup>4</sup>. The questionnaire first records the respondent’s offspring by asking: “Do you have any sons [daughters] and, if so, what are their names and how old are they?”. We then elicit aspirations regarding the oldest son and the oldest daughter under the age of 18, respectively. Specifically, we ask: “How many years of schooling do you aspire him [her] to achieve?”. Respondents answer with estimates in years or are aided by the enumerator in translating any degree to the number of years necessary to acquire it in the Indonesian education system. We use the number of years as an outcome and construct a dummy variable that is equal to 1 if the entrepreneur aspires for their son [daughter] to acquire at least a Master’s level education, and 0 otherwise.

---

<sup>4</sup>For budgetary reasons, data on the educational aspirations of the entrepreneur are only available at baseline and first endline.

### ***Subjective Well-being***

The entrepreneur's subjective well-being is proxied by their self-reported overall satisfaction with the financial situation of their household and with life in general at the time of the survey. We use standard questions taken from the World Values Survey and ask: "How satisfied are you with the financial situation of your household?" and "How satisfied are you with your life at this point?" (see, World Values Survey, 2014). Respondents are instructed to answer on a scale from 1 to 10, where 1 indicates "very dissatisfied" and 10 indicates "very satisfied".

## **B Summary Statistics**

Table 1 presents summary statistics on entrepreneur- and business-level characteristics as well as on business and educational aspirations from baseline data. Column (1) shows the number of observations for each characteristic, while Columns (2) presents the mean and the standard deviation for each characteristic using the full baseline sample of 1301 businesses. Columns (3) to (7) show the means for businesses assigned to each of the experimental groups and, in brackets, results from difference-in-means tests to check for balance between each of the treatment groups and the control.

The average entrepreneur in our sample is female (70.83 percent), 45.27 years of age, and has completed 9.39 years of formal education (equivalent to middle school). However, this masks considerable heterogeneity, as 46.78 percent have finished high-school and 4.44 percent hold college degrees. At baseline, the average business was established for 13.60 years, it employed 2 workers, measured 13.22 square meters in size, and had average monthly profits of USD 496.66 PPP with average monthly sales of USD 5906.18 PPP. The average business owner reported aspirations to reach daily sales on the order of about USD 500.00 PPP in the next year. They further aspired for their business to be about 15 square meters in size, to employ a total of 1.72 people, and for 56 customers to visit their shop daily. For the long-term ideal business, the average entrepreneur estimated an achievement horizon of almost 3 years. With respect to their ideal business, the average shop owner aspired for a business of 24 square meters in size and with 73 daily customers. Surprisingly, aspirations for the number of employees were no higher than current levels (*mean* = 2.09). Regarding their children's prospects, aspirations exceeded the educational attainment of the average entrepreneur by a considerable margin. The average business owner aspired for their child to complete almost 17 years of schooling, while 27 percent aspired for a Master's-level education.

Columns (3) to (7) of Table 1 also present p-values for differences-in-means tests between each

of the treatment groups and the control group. The results suggest that the randomization can be considered successful: out of 132 difference-in-means tests performed, nine return statistically significant differences.

## C Survey Attrition

We document three sources of attrition among respondents: (1) owners of shops that have closed down and cannot be tracked, (2) owners who refused to take part in the endline survey, (3) owners who were sick or out of town for a period longer than two weeks at the time of either of the endline surveys. Regarding the effect on statistical power, attrition levels are low. Six months after the interventions, we document a loss of about 8 percent of the overall sample. This places our study at the lower end of the distribution of business training interventions in developing countries for which attrition rates at the first endline survey are typically in excess of 10 percent and can reach up to 25 percent or higher (for a review, see McKenzie and Woodruff, 2014). At the second endline eighteen months after treatment, another 13 percent of business attrit, mostly due to shop closures (7.42 percent). This rate of attrition is well in line with prior surveys of small-scale businesses (McKenzie and Woodruff, 2014).

Table 4 presents regression analyses of survey attrition on treatment status for the first and for the second endline survey. Columns (1) and (2) present analyses regarding the first endline. Column (1) shows results for differential attrition due to respondents refusing to take part in the survey and Column (2) for attrition due to business closures. Analogously, Columns (3) and (4) present results for the second endline survey. Importantly, attrition is not correlated with treatment status in either endline survey.

## D Estimation Strategy

Based on the theoretical insights of Ray (2006), Genicot and Ray (2017), and Dalton, Ghosal, and Mani (2016), we estimate the differential impact of the four treatments on aspirations, subjective well-being, and business performance for subgroups of entrepreneurs with high and low aspiration levels at baseline. To do this, we interact a dummy which indicates whether the entrepreneur reported below-median baseline aspirations with each of the four treatment dummies and add both the vector of interactions and the vector of treatment dummies to the specification. Using ordinary least squares (OLS), we estimate the following ANCOVA regression specification:

$$Y_{2i} = \alpha + \sum_{m=1}^4 \beta_m T_{mi} + \eta S_{1i} + \sum_{m=1}^4 \theta_m T_{mi} \times S_{1i} + \gamma X_{1i} + \delta V + \zeta Y_{1i} + \epsilon_i \quad (1)$$

where  $\theta_m$  is the coefficient on the interaction of each treatment  $m$  with a dummy  $S$  equal to one if the entrepreneur's baseline level of aspirations was below the median and zero otherwise. When the outcome are the dimensions of business aspirations, we construct dummies from the baseline level of the outcome. For instance, when we estimate the heterogeneity in treatment effects on sales aspirations,  $S$  takes on one if the entrepreneur's baseline level of sales aspirations was below the median and zero otherwise. Regarding business performance, educational aspirations, and subjective well-being, we use an interaction dummy constructed from the z-score of aggregate short-term business aspirations. In either case, the coefficients  $\beta_{m1}$  to  $\beta_{m4}$  measure the effect of treatment  $m$  for entrepreneurs with above-median baseline aspirations. The effect of treatment  $m$  on entrepreneurs with below-median scores is measured by the sum of  $\beta_m$  and  $\theta_m$ . F-tests are used to compute significance scores for below-median scores. Following Bruhn and McKenzie (2009), we include strata dummies represented by the vector  $X$ .  $V$  represents district fixed effects and  $Y_{1i}$  is the baseline value of the outcome of interest.  $\epsilon_i$  is a firm-level error term.

## V Results

### A Impact on Business Aspirations

Tables 5 and 6 estimate Equation 1 with respect to business aspirations for the two endline surveys, separately. Columns (1) to (5) in each table present results on business aspirations in the short-run, and columns (6) to (9) present results on long-term aspirations for the entrepreneur's ideal business. We find a clear divergence in treatment impacts by initial levels of aspirations that sharply follows insights from theory. Further, while these differential effects on business aspirations are modest at the first endline six after the intervention (Table 5), they grow and become more pronounced by the second endline eighteen months after the intervention (Table 6).

As depicted in Table 5, six months after the interventions, treatment effects on business aspirations are (i) more pronounced for shop owners with below-median baseline aspirations than for those with above-median aspirations and they are (ii) stronger for long-run aspirations than for short-run aspirations. We find no effects on aspirations towards the size of the business (Column 2) or the number of employees (Column 3). In contrast, Column (4) shows that, when invited to the

*Assistance*, shop owners above the median of baseline aspirations aspire to an additional 20 daily customers which is an improvement of about 27 percent (0.30 standard deviations). In contrast, as shown in Column 5, low-aspiring entrepreneurs aspire to 38 and 28 percent (0.10 and 0.38 standard deviations) lower sales when assigned to *Handbook Only* and *All Three*, respectively. Column (6) shows that these entrepreneurs also reduce their long-run business aspirations both after being assigned to *Handbook Only* and to *All Three*. This aggregate effect is mostly driven by long-run aspirations for business size. According to Column (7), entrepreneurs below the median of business aspirations at baseline when assigned to *Handbook and Assistance* and *All Three* show reductions equivalent to about 4.5 and 6.9 square meters or 22 and 34 percent compared to the aspirations of the control group. In contrast, the aspirations of entrepreneurs with high aspirations are not affected by the treatments.

This divergence in aspiration levels becomes more pronounced eighteen months after treatment. As Table 6 shows, significant effects are now (i) observed for both entrepreneurs with below-median and those with above-median baseline aspirations, for (ii) both short-run and long-run aspirations, and they are (iii) strongest for customer and sales aspirations. According to Column (3), high-aspiring shop owners assigned to the *Movie* increase their aspirations for employees by 20 percent above control levels (0.43 standard deviations) and for customers by about 29 percent or 20 daily customers (0.37 standard deviations) compared to the control group. Along these lines, entrepreneurs invited to receive *Assistance* and *All Three* each aspire to roughly 15 extra customers or a plus of about 21 percent (0.27 standard deviations) over the control group. Finally, Column (5) shows that assignment to the *Movie* also increases the sales aspirations of high-aspiring entrepreneurs: this subgroup aspires to a considerable plus of USD 151.00 PPP in daily sales, equal to an improvement of 20 percent (0.23 standard deviations) above the control.

In contrast, shop owners who aspired low at baseline further reduce their business aspirations. Column (3) shows that the *Movie* decreased these entrepreneurs' aspirations for employment by 10 percent (0.16 standard deviations). Likewise, low-aspiring shop owners further lower their aspirations by about 17 daily customers or 43 percent (0.57 standard deviations) vis-à-vis the control when assigned to the *Handbook Only*, and by 8 and 9 customers (21 and 22 percent) when additionally invited to the *Movie* and *Assistance*, respectively (Column 4). As per Column (5), these shop owners also reduce their sales aspirations. While at about USD 114.00 PPP or 52 percent (0.53 standard deviations) the effect is largest for those assigned to *Handbook Only*, entrepreneurs also reduce their sales aspirations when invited to the *Movie* (by 9 percent or 0.10 standard deviations) and to *All Three* (by 32 percent or 0.33 standard deviations).

Long-run aspirations corroborate this pattern. As shown in Column (9), when assigned to *Handbook Only* and *Handbook and Movie*, shop owners with high customer aspirations at baseline increase their aspirations by 25 and 36 daily customers (an improvement of 29 and 41 percent) over the control, respectively. In contrast, the negative aggregate effect for shop owners who aspired below the median at baseline, shown in Column (6), is driven by aspirations for business size (Column 7) and customers (Column 9). While Column (7) shows no significant positive effects on long-run aspirations for business size, all interventions significantly reduce these aspirations for shop owners with below-median baseline aspirations. Effects for *Handbook Only*, *Handbook and Movie*, and *Handbook and Assistance* are considerable: low-aspiring entrepreneurs reduce their aspirations vis-à-vis the control group by about 6, 5, and 5 square meters (reductions by 30, 25, and 22 percent), respectively. In addition, Column (9) illustrates that the *Handbook* further lowered the customer aspirations of entrepreneurs with low aspirations at baseline by about 20 customers or 34 percent (0.27 standard deviations) compared to the control group.

## B Impact on Business Performance

Tables 7 and 8 present results for treatment effects on business profits and sales for the same subgroups of high- and low-aspiring entrepreneurs. In each case, Columns (1) to (3) present results on total monthly business profits and Columns (4) to (6) on total monthly sales. Columns (2) and (4) show estimates for the respective outcome winsorized at the 1%-level on both tails. Overall, the results sharply follow the divergence predicted by theory and found for business aspirations. While entrepreneurs above the median gain in performance from both the *Movie* and the *Assistance* but not from the *Handbook Only*, the aspirations of below-median entrepreneurs only falter when assigned to the *Handbook Only* but not when invited to the *Movie* or the *Assistance*.

Table 7 presents significant and positive treatment effects on business profits (Columns 1 to 3) and sales (Columns 4 to 6) for entrepreneurs with above-median baseline aspirations. Again, high-aspiring shop owners increase their sales by about USD 578.00 PPP or 47 percent (0.28 standard deviations) over the control group when invited to receive *Assistance*.

As per Column (3), the *Movie* shows a statistically less significant but economically sizable effect of USD 405.00 PPP (an improvement of 33 percent or 0.20 standard deviations). Presumably due to noise in the profits data, this effect is only significant when the outcome is winsorized at the 2%-level. The data on business sales shows a similar picture. In Columns (4) to (6), we observe that shop owners with high baseline aspirations see gains in monthly business sales of roughly USD

1598.00 PPP or 18 percent (0.17 standard deviations) when assigned to *Assistance* and of about USD 1329.00 PPP (an improvement of 15 percent or 0.14 standard deviations) when invited to the *Movie*. When assigned to *All Three*, high-aspiring shop owners gain, on average, USD 489.00 PP or 40 percent in profits and USD 1611.00 PPP or 18 percent in sales over the control group. In comparison with the estimate on *Assistance*, this indicates that we find no complementarities between this intervention and the *Movie*.

On the contrary, as indicated by the F-tests, we do not see treatment effects on profits for entrepreneurs with below-median aspirations. Only the low-aspiring entrepreneurs assigned to *Handbook Only* report significant reductions in monthly business sales by USD 1088.00 PPP or 41 percent (0.54 standard deviations).

Table 8 corroborates the divergence in business performance with data from the 18-months endline survey. Over the long-run, the most robust positive effects on business profits and sales accrue to those assigned to *All Three*: Columns (1) to (3) show that high-aspiring entrepreneurs see an increase in monthly profits of about USD 623.00 PPP or 51 percent (0.30 standard deviations). As per Column (3), we find significant effects of assignment to *Assistance* only when the profits data is winsorized at the 2%-level on both tails. This treatment improves the profits of entrepreneurs with high initial aspiration levels by USD 526.00 PPP, which is equivalent to a plus of 43 percent (0.26 standard deviations) over the control group. Columns (4) to (6) complement this pattern with effects on business sales which are roughly on par with results from the first endline. As depicted in Column (6), shop owners with high baseline aspirations for their business see an improvement in sales of about USD 1797.00 PPP or 20 percent (0.19 standard deviations) over the control.

Consistent with the results from the first endline survey, Columns (1) to (3) show that shop owners with baseline aspirations below the median report reductions in profits which are, however, not significantly different from the control in statistical terms. As per Columns (4) to (6), these same entrepreneurs see statistically significant reductions in business sales of about USD 1518.00 PPP or 57 percent (0.75 standard deviation) when assigned to *Handbook Only*. Unlike after the first endline, the sales of low-aspiring shop owners also show a contraction when invited to the *Movie*. As depicted in Column (5), exposure to entrepreneurial role models reduced monthly sales by USD 943.00 PPP or 35 percent (0.47 standard deviations). However, this effect disappears when monthly sales are winsorized at the 2%-level.

## C Impact on Aspirations for Children’s Education

Table 9 estimates Equation (1) for the entrepreneur’s aspirations towards the education of their children six months after treatment. While Columns (1) and (2) present estimates for an aggregate score representing the statistical average of aspirations towards both the family’s oldest son and daughter under the age of eighteen, Columns (3) to (4) show estimates regarding the family’s son and Columns (5) to (6) show estimates regarding the daughter, respectively.

Overall, we find evidence for the same divergence between entrepreneurs with high and low business aspirations at baseline. Shop owners with above-median baseline aspirations aspire to almost one additional year of educational attainment for their children when assigned to *All Three* (Column 1). This is an improvement of five percentage points (0.30 standard deviations) over the control. According to Column (2), the same high-aspiring entrepreneurs are about 40 percent (0.28 standard deviations) more likely to aspire for their children to reach, on average, Masters-level university education. On the contrary, shop owners with low baseline levels of aspirations reduce their aspirations towards their sons’ educational attainment by roughly one year when assigned to *All Three*. With respect to the control group, this equals to a reduction by six percent (0.30 standard deviations) and is roughly equivalent in magnitude with the effect for high-aspiring entrepreneurs.

## D Impact on Subjective Well-being

In Table 10, we present additional results on levels of subjective well-being as proxied by financial and life satisfaction. We find significant and sustained positive effects on overall financial satisfaction for entrepreneurs with high baseline aspirations both six months (Column 1) and 18 months after treatment (Column 3). In particular, high-aspiring shop owners have nine percent (0.26 standard deviations) higher satisfaction after six months and seven percent (0.21 standard deviations) higher satisfaction over the control group 18 months after the interventions. Moreover, we find a significant increase in life satisfaction of six percent (0.21 standard deviations) for these same entrepreneurs over the control group eighteen months after the treatment (Column 4). The satisfaction scores of entrepreneurs with below-median baseline aspirations are not significantly different from the control group.

## E Characteristics of High-Aspiring Entrepreneurs

Given the clear, robust, and sustained divergence between entrepreneurs with high and low aspirations at baseline, we ask who the high-aspiring entrepreneurs are. To this end, we use baseline

data and regress above-median aspirations for business growth in the short-run and in the long-run on entrepreneur's socio-demographic background, firm-level characteristics, business practices, and psychological scales, such as the entrepreneur's intelligence, and their risk and time preferences. Table 11 presents results from these linear OLS regressions, Columns (1) to (5) present regression estimates for short-term aspirations and Columns (6) to (10) for long-term aspirations.

Both Columns (5) and (10) show that business owners with high aspirations both for the short-term and for the long-term at baseline are more likely to be younger and male. For instance, male entrepreneurs are 26 percent more likely to aspire above the median at baseline than are female owners. Their businesses tend to be younger, larger in size, and to employ more people. While each square meter increases the chances of the entrepreneur reporting high aspirations by about two percent, each additional employee raises the odds by more than 24 percent. Innovativeness, as proxied by product innovations, increases the chances of high aspirations by about 21 percent. According to Column (5), shop owners with better financial planning skills and a greater willingness to take on risks are more likely to aspire high for the short-term. On the other hand, as can be seen in Column (10), entrepreneurs with more formal education and large families, as proxied by having at least three children, are more likely to have high aspirations for the long-term.

## VI Conclusion

To the best of our knowledge, this paper is the first to document experimental evidence of the effect of aspirations on small business growth. We show that small-scale business owners aspirations respond to interventions introducing information of peers best practices and role models, and this effect remains at least eighteen months after the interventions. As predicted by theory, the distance between the initial aspirations of the entrepreneurs and the business frontier is a key driver for the direction of the effect. Entrepreneurs with high initial aspirations experience positive and sustained treatment effects on their business aspirations, business performance, family aspirations, and subjective well-being. In contrast, the effects are negative for the entrepreneurs with initially low aspirations for business growth.

These findings have important implications for policy design and for future research. In particular, it opens the scope for the design of innovative policy interventions aimed at fostering small business growth in developing countries. We have shown that the aspirations of small-business owners are an important predictor of their business growth, and that aspirations can be raised with the right interventions. However, our study highlights an important word of caution about the limits of

such interventions.

First, and complementary to Galiani et al. (2018), we show that effects on aspirations and business performance can persist in the long-term when potential economic and psychological constraints are addressed simultaneously. Crucially, informational shocks about best practices of peers to aspirations alone may not be suited to bring about positive change without complementary treatments that provide additional psychological resources, such as the opportunity to learn from role models or being assisted in implementation to foster agency. Effective policy interventions will have to be mindful of constraints both economic and psychological to foster aspirations and achievement. In this study, we use exposure to role models and assistance to foster agency, but we do not rule out other alternative ways to do so. Thinking of different interventions to provide pro-business growth psychological resources is an interesting avenue for future research.

Second, this study also underlines the critical importance of the existing heterogeneity on aspirations of small-scale businesses owners. We have shown an example of cost-effective interventions that can trigger sustained small-business growth by widening the aspiration window of the initially high-aspiring entrepreneurs. However, it still remains unclear which type of interventions could help the low-aspiring entrepreneur. The negative effect on aspirations and business performance created by widening the aspirations window of these entrepreneurs is suggestive of a state of frustration with their businesses. It is possible that these entrepreneurs have a business because they do not see other alternative way to create income, and a proper policy for them would be to identify alternative sources of income. However, this is only a conjecture and further research is needed to understand the motivations and constraints of the low-aspiring entrepreneurs.

Finally and related to the point above, our study speaks to the importance of targeting efforts prior to the roll-out of policies and the essential role of intervention design to match characteristics of the target population with those of the treatment material. In particular, empowerment programs aimed at women or marginalized groups of the population will benefit from prior efforts to measure aspirations levels lest they run the risk of worsening outcomes.

## References

- ANDERSON, S. J., R. CHANDY, AND B. H. ZIA (2018): “Pathways to Profits : The Impact of Marketing vs. Finance Skills on Business Performance,” *Management Science*, Articles i, 1–25.
- APPADURAI, A. (2004): “The Capacity to Aspire: Culture and the Terms of Recognition,” in *Culture and Public Action*, ed. by V. Rao, and M. Walton, pp. 59–84. Stanford University Press, Palo Alto, CAL.
- ASHRAF, N., D. KARLAN, AND W. YIN (2006): “Tying Oyssey to the Mast: Evidence from a Commitment Savings Product in the Philippines,” *Quarterly Journal of Economics*, 121(2), 635–672.
- BANERJEE, A. V., AND E. DUFLO (2013): “Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program,” *Review of Economic Studies*, 81(2), 572–607.
- BANERJEE, A. V., E. DUFLO, R. GLENNESTER, AND C. KINNAN (2015): “The Miracle of Microfinance? Evidence from a Randomized Evaluation,” *American Economic Journal: Applied Economics*, 7(1), 22–53.
- BANERJEE, A. V., E. DUFLO, AND R. HORNBECK (2017): “How Much Do Existing Borrowers Value Microfinance? Evidence from an Experiment on Bundling Microcredit adn Insurance,” *NBER Working Paper*, 20477.
- BANERJEE, A. V., AND S. MULLAINATHAN (2008): “Limited Attention and Income Distribution,” *American Economic Review*, 98(2), 489–493.
- BARDHAN, P. (1997): “Corruption and Development: A Review of Issues,” *Journal of Economic Literature*, 35(3), 1320–1346.
- BEAMAN, L., E. DUFLO, R. PANDE, AND P. TOPALOVA (2012): “Female Leadership Raises Aspirations and Educational Attainment for Girls: A Policy Experiment in India,” *Science*, 335(6068), 582–586.
- BERG, G., AND B. H. ZIA (2017): “Harnessing Emotional Connections to Improve Financial Decisions:Evaluating the Impact of Financial Education in Mainstream Media,” *Journal of the European Economic Association*, 15(5), 1025–1055.
- BERNARD, T., S. DERCON, K. ORKIN, AND A. S. TAFFESSE (2014): “The Future in Mind: Aspirations and Forward-looking Behaviour in Rural Ethiopia,” *CEPR Discussion Paper*, 10224.

- BERNHEIM, B. D., D. RAY, AND S. YELTEKIN (2015): “Poverty and Self-Control,” *Econometrica*, 83(5), 1877–1911.
- BERTRAND, M., S. MULLAINATHAN, AND E. SHAFIR (2004): “A Behavioral-Economics View of Poverty,” *American Economic Association: Papers and Proceedings*, 94(2), 419–423.
- BJORVATN, K., A. W. CAPPELEN, L. HELGESEN SEKEI, E. Ø. SØRENSEN, AND B. TUNGODDEN (2015): “Teaching Through Television: Experimental Evidence on Entrepreneurship Education in Tanzania,” *NHH Discussion Paper*, 0804-6824.
- BOGLIACINO, F., AND P. ORTOLEVA (2014): “The Behavior of Others as a Reference Point,” .
- BROOKS, W., K. DONOVAN, AND T. R. JOHNSON (2017): “Mentors or Teachers? Microenterprise Training in Kenya,” *University of Notre Dame Working Paper*.
- BRUHN, M., D. KARLAN, AND A. SCHOAR (2018): “The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico,” *Journal of Political Economy*, 126(2), 635–687.
- BRUHN, M., AND D. MCKENZIE (2009): “In Pursuit of Balance: Randomisation in Practice in Development Field Experiments,” *American Economic Journal: Applied Economics*, 1(4), 200–232.
- BRUHN, M., AND B. H. ZIA (2013): “Stimulating Managerial Capital in Emerging Markets: The Impact of Business and Financial Literacy Training for Young Entrepreneurs,” *Journal of Development Effectiveness*, 5(2), 232–266.
- CAI, J., AND A. SZEIDL (2018): “Interfirm Relationships and Business Performance,” *Quarterly Journal of Economics*, pp. 1–54.
- CALDERÓN, G., J. M. CUNHA, AND G. DE GIORGI (2013): “Business Literacy and Development: Evidence from a Randomized Controlled Trial in Rural Mexico,” *Barcelona GSE Working Paper Series*, 742.
- CARPENA, F., S. COLE, J. SHAPIRO, AND B. H. ZIA (2017): “The ABCs of Financial Education: Experimental Evidence on Attitudes, Behavior, and Cognitive Biases,” *Management Science*, pp. 1–24.
- CHONG, A., AND E. LA FERRARA (2009): “Television and Divorce: Evidence from Brazilian Novelas,” *Journal of the European Economic Association*, 7(2-3), 458–468.

- CHUDEK, M., P. BROSSEAU-LIARD, S. BIRCH, AND J. HENRICH (2013): “Culture-Gene Coevolutionary Theory and Children’s Selective Social Learning,” in *Navigating the Social World: What Infants, Children, and Other Species Can Teach Us*, ed. by M. Banaji, and S. Gelman, pp. 1–10. Oxford University Press, Oxford, UK.
- CLARK, A. E., P. FRIJTERS, AND M. A. SHIELDS (2008): “Relative Income, Happiness, and Utility: An Explanation for the Easterlin Paradox and Other Puzzles,” *Journal of Economic Literature*, 46(1), 95–144.
- CLARK, A. E., AND A. J. OSWALD (1994): “Unhappiness and Unemployment,” *The Economic Journal*, 104(424), 648–659.
- CLARK, A. E., AND C. SENIK (2010): “Who Compares To Whom? The Anatomy of Income Comparisons in Europe,” *The Economic Journal*, 120, 573–594.
- CORRIVEAU, K. H., AND P. L. HARRIS (2009): “Choosing Your Informant: Weighing Familiarity and Recent Accuracy,” *Developmental Science*, 12(3), 426–437.
- DALTON, P. S., S. GHOSAL, AND A. MANI (2016): “Poverty and Aspirations Failure,” *The Economic Journal*, 126(590), 165–188.
- DALTON, P. S., J. RÜSCHENPÖHLER, B. URAS, AND B. H. ZIA (2018): “Learning Business Practices from Peers: Experimental Evidence from Small-scale Retailers in an Emerging Market,” *DFID Working Paper*.
- DALTON, P. S., J. RÜSCHENPÖHLER, AND B. H. ZIA (2018): “Determinants and Dynamics of Business Aspirations: Evidence from Small-scale Entrepreneurs in an Emerging Market,” *Center Discussion Paper Series*, 2018-009.
- DE MEL, S., D. MCKENZIE, AND C. WOODRUFF (2008): “Returns to Capital in Microenterprises: Evidence from a Field Experiment,” *Quarterly Journal of Economics*, 123(November 2008), 1329–1372.
- DREXLER, A., G. FISCHER, AND A. SCHOAR (2014): “Keeping It Simple: Financial Literacy and Rules of Thumb,” *American Economic Journal: Applied Economics*, 6(2), 1–31.
- DUFLO, E. (2012): “Human Values and the Design of the Fight Against Poverty,” *Tanner Lectures*, pp. 1–55.

- DUPAS, P., AND J. ROBINSON (2013a): “Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya,” *American Economic Journal: Applied Economics*, 5(1), 163–192.
- (2013b): “Why Don’t the Poor Save More? Evidence from Health Savings Experiments,” *American Economic Review*, 103(4), 1138–1171.
- EASTERLIN, R. A. (1995): “Will Raising the Incomes of all Raise the Happiness of All,” *Journal of Economic Behavior and Organization*, 27, 35–47.
- (2001): “Income and Happiness: Towards a Unified Theory,” *The Economic Journal*, 111, 465–484.
- (2003): “Explaining Happiness,” *Proceedings of the National Academy of Sciences*, 100(19), 11176–11183.
- EFFERSON, C., R. LALIVE, AND E. FEHR (2008): “The Coevolution of Cultural Groups and Ingroup Favoritism,” *Science*, 321, 1844–1849.
- FAFCHAMPS, M., AND S. QUINN (2016): “Aspire,” *The Journal of Development Studies*, 53(10), 1615–1633.
- FAFCHAMPS, M., AND F. SHILPI (2008): “Subjective Welfare, Isolation, and Relative Consumption,” *Journal of Development Economics*, 86, 43–60.
- FAFCHAMPS, M., AND C. WOODRUFF (2017): “Identifying Gazelles: Expert Panels vs. Surveys as a Means to Identify Firms with Rapid Growth Potential,” *World Bank Economic Review*, 31(3), 670–686.
- FAVARA, M. (2017): “Do Dreams Come True? Aspirations and Educational Attainments of Ethiopian Boys and Girls,” *Journal of African Economies*, 26(5), 561–583.
- FERRER-I CARBONELL, A. (2005): “Income and Well-being: An Empirical Analysis of the Comparison Income Effect,” *Journal of Public Economics*, 89(5-6), 997–1019.
- FREY, B. S., AND A. STUTZER (2000): “Happiness, Economy and Institutions,” *The Economic Journal*, 110(466), 918–938.
- (2002): “What Can Economists Learn from Happiness Research?,” *Journal of Economic Literature*, 40(2), 402–435.

- GALIANI, S., P. J. GERTLER, AND R. UNDURRAGA (2018): “Aspiration Adaptation in Resource-Constrained Environments,” *NBER Working Paper*, 24264.
- GENICOT, G., AND D. RAY (2017): “Aspirations and Inequality,” *Econometrica*, 85(2), 489–519.
- GINÉ, X., AND G. MANSURI (2014): “Money or Management? A Field Experiment on Constraints to Entrepreneurship in Rural Pakistan,” *World Bank Policy Research Working Paper*, 6959, 1–66.
- GOLLIN, D. (2008): “Nobody’s Business but my Own: Self-employment and Small Enterprise in Economic Development,” *Journal of Monetary Economics*, 55, 219–233.
- HENRICH, J., AND F. J. GIL-WHITE (2001): “The evolution of prestige: Freely conferred deference as a mechanism for enhancing the benefits of cultural transmission,” *Evolution and Human Behavior*, 22, 165–196.
- INDONESIAN MINISTRY OF COOPERATIVES AND SMEs INDONESIA (2011): “Statistik Usaha Mikro, Kecil dan Menengah,” Discussion paper, Kementerian Koperasi dan UMKM.
- JANZEN, S. A., N. P. MAGNAN, S. SHARMA, AND W. M. THOMPSON (2017): “Aspirations Failure and Formation in Rural Nepal,” *Journal of Economic Behavior & Organization*, 139, 1–25.
- KARLAN, D., AND J. ZINMAN (2010): “Expanding Credit Access: Using Randomized Supply Decisions to Estimate the Impacts,” *Review of Financial Studies*, 23(1), 433–464.
- KEARNEY, M. S., AND P. B. LEVINE (2015): “Media Influences and Social Outcomes: The Impact of MTV’s 16 and Pregnant on Teen Childbearing,” *American Economic Review*, 105(12), 3597–3632.
- KNIGHT, J., AND R. GUNATILAKA (2012): “Income, Aspirations and the Hedonic Treadmill in a Poor Society,” *Journal of Economic Behavior and Organization*, 82, 67–81.
- KOSEC, K., AND C. H. MO (2017): “Aspirations and the Role of Social Protection: Evidence from a Natural Disaster in Rural Pakistan,” *World Development*, 97, 49–66.
- LA FERRARA, E., A. CHONG, AND S. DURYEA (2012): “Soap Operas and Fertility: Evidence from Brazil,” *American Economic Journal: Applied Economics*, 4(4), 1–31.
- LUTTMER, E. F. (2005): “Neighbors as Negatives: Relative Earnings and Well-Being,” *Quarterly Journal of Economics*, 120(3), 963–1002.

- LYBBERT, T. J., AND B. WYDICK (2018): “Poverty, Aspirations, and the Economics of Hope,” *Economic Development and Cultural Change*, 6(4).
- MACOURS, K., AND R. VAKIS (2014): “Changing Households’ Investment Behaviour Through Social Interactions with Local Leaders: Evidence from a Randomised Transfer Programme,” *The Economic Journal*, 124(576), 607–633.
- MALONEY, W. F. (2004): “Informality Revisited,” *World Development*, 32(7), 1159–1178.
- MCBRIDE, M. (2010): “Money, Happiness, and Aspirations: An Experimental Study,” *Journal of Economic Behavior and Organization*, 74(3), 262–276.
- MCELREATH, R., A. V. BELL, C. EFFERSON, M. LUBELL, P. J. RICHERSON, AND T. WARING (2008): “Beyond existence and aiming outside the laboratory: estimating frequency-dependent and pay-off-biased social learning strategies,” *Philosophical Transactions of the Royal Society B: Biological Sciences*, 363, 3515–3528.
- MCKENZIE, D. (2017): “Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition,” *American Economic Review*, 107(8), 2278–2307.
- MCKENZIE, D., AND C. WOODRUFF (2008): “Experimental Evidence on Returns to Capital and Access to Finance in Mexico,” *World Bank Economic Review*, 22(3), 457–482.
- (2014): “What Are We Learning from Business Training and Entrepreneurship Evaluations Around the Developing World?,” *World Bank Research Observer*, 29(1), 48–82.
- (2017): “Business Practices in Small Firms in Developing Countries,” *Management Science*, 63(9), 2967–2981.
- NG, Y.-K. (1997): “A Case for Happiness, Cardinalism, and Interpersonal Comparability,” *The Economic Journal*, 107(445), 1848–1858.
- NICHTER, S., AND L. GOLDMARK (2009): “Small Firm Growth in Developing Countries,” *World Development*, 37(9), 1453–1464.
- OSWALD, A. J. (2016): “Happiness and Economic Performance,” *The Economic Journal*, 107(445), 1815–1831.
- PREMAND, P., S. BRODMANN, R. ALMEIDA, R. GRUN, AND M. BAROUNI (2016): “Entrepreneurship Education and Entry into Self-Employment Among University Graduates,” *World Development*, 77, 311–327.

- RAY, D. (2003): “Aspirations, Poverty and Economic Change,” *Mimeo*.
- (2006): “Aspirations, Poverty, and Economic Change,” in *Understanding Poverty*, ed. by A. Banerjee, R. Benabou, and D. Mookherjee, pp. 409–422. Oxford University Press, Oxford, UK.
- RENDELL, L. E., L. FOGARTY, W. J. E. HOPPITT, T. J. H. MORGAN, M. M. WEBSTER, AND K. N. LALAND (2011): “Cognitive Culture: Theoretical and Empirical Insights into Social Learning Strategies,” *Trends in Cognitive Sciences*, 15(2), 68–76.
- RILEY, E. (2017): “Increasing Students’ Aspirations: The Impact of Queen of Katwe on Students’ Educational Attainment,” *CSAE Working Paper Series*, 2017-13.
- ROSS, P. H. (2017): “The Aspirations Gap and Human Capital Investment: Evidence from Indian Adolescents,” *Mimeo*.
- SELTEN, R. (1998): “Features of Experimentally Observed Bounded Rationality,” *European Economic Review*, 42, 413–436.
- SENIK, C. (2004): “When Information Dominates Comparison: Learning from Russian Subjective Panel Data,” *Journal of Public Economics*, 88(9-10), 2099–2123.
- (2009): “Direct Evidence on Income Comparisons and Their Welfare Effects,” *Journal of Economic Behavior and Organization*, 72(1), 408–424.
- SERNEELS, P., AND S. DERCON (2014): “Aspirations, Poverty and Education: Evidence from India,” *Young Lives Working Paper*, 125.
- SIMON, H. A. (1955): “A Behavioral Model of Rational Choice,” *Quarterly Journal of Economics*, 69(1), 99–118.
- SMITH, R. H., E. DIENER, AND D. H. WEDELL (1989): “Intrapersonal and Social Comparison Determinants of Happiness: A Range-Frequency Analysis,” *Journal of Personality and Social Psychology*, 56(3), 317–325.
- STUTZER, A. (2004): “The Role of Income Aspirations in Individual Happiness,” *Journal of Economic Behavior and Organization*, 54(1), 89–109.
- TVERSKY, A., AND D. GRIFFIN (1991): “Endowment and Contrast in Judgments of Well-Being,” in *Strategy and Choice*, ed. by R. J. Zeckhauser, pp. 297–318. MIT Press, Cambridge and London.
- WORLD VALUES SURVEY (2014): *World Values Survey: Round Six*. JD Systems Institute, Madrid.

## **Tables**

## A Example Businesses

Figure 1: Pictures of Two Businesses Representative of the Study Sample



## B Maps of Study Area

Figure 2: Distribution of Businesses Across Jakarta (White=Treated, Black=Control)

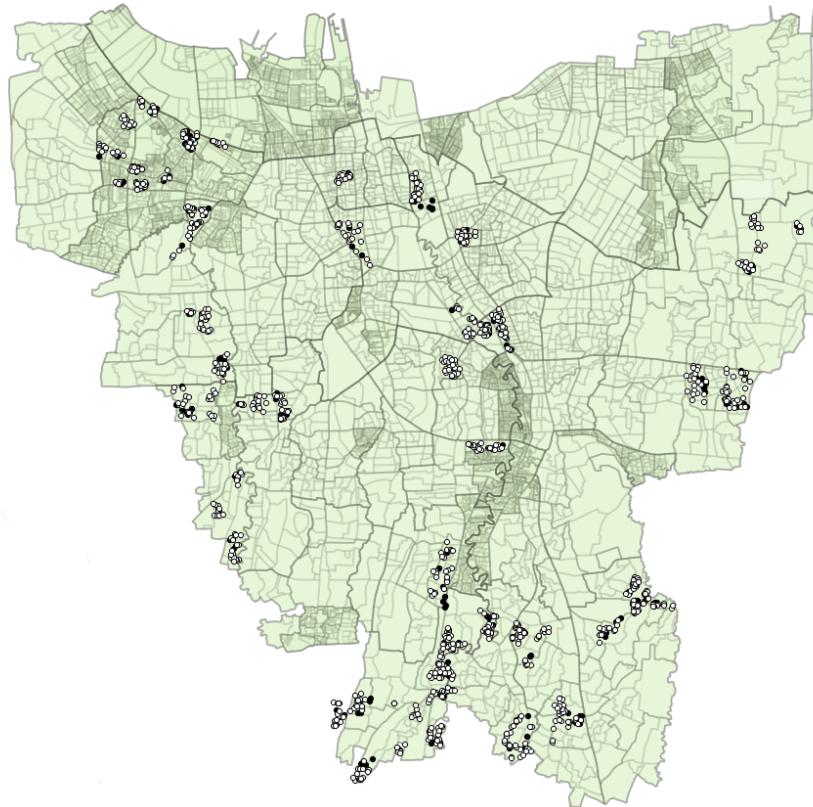


Figure 3: Distribution of Experimental Groups at the Village-level: Example Village “Pegangsaan”

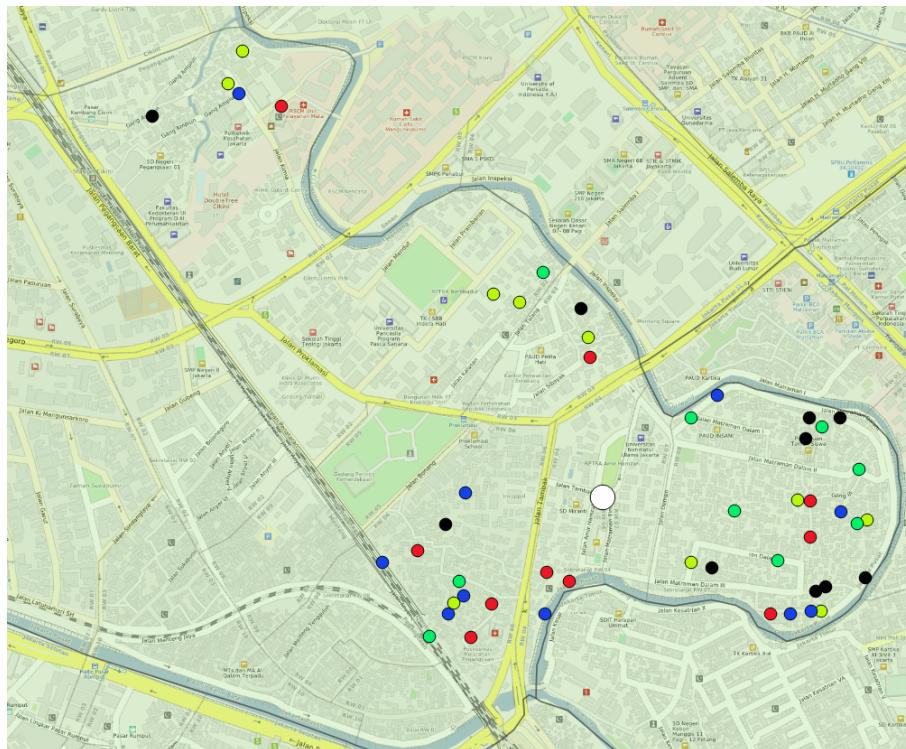
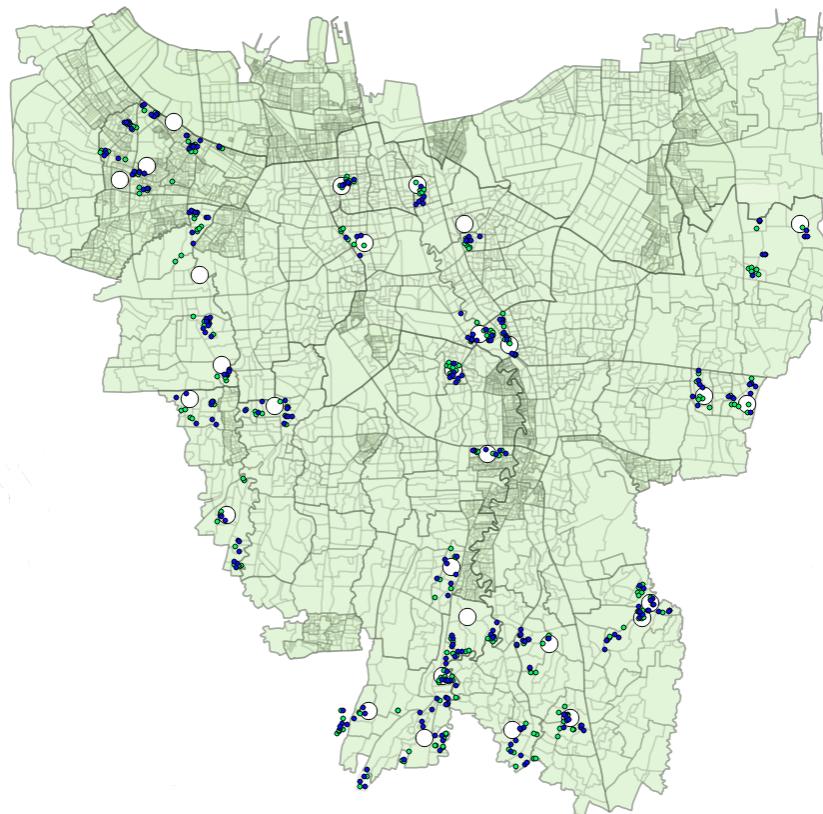


Figure 4: Locations of Movie Screenings (Big White Circles) and Businesses Invited to the Screenings



## C Project Timeline

FIGURE 1: STUDY TIMELINE

