

Skills, Practices, and Aspirations of Small-scale Entrepreneurs in Low-income Settings

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Lecture Overview

1 PART I: Lecture

Business Practices and Training

- Business Practices and Productivity
- Classical MSME Training
- Extensions of the Classical Approach
- Measuring Firm Performance
- Mechanisms
- Alternative Approaches

2 PART II: Paper

Curating Local Knowledge

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Business Practices and Productivity

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Dispersion of Business Practices

Stylized facts about firms

Large country-level heterogeneity in productivity	Large country-level heterogeneity in mgmt quality
Large firm-level heterogeneity in productivity	Large firm-level heterogeneity in mgmt quality

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

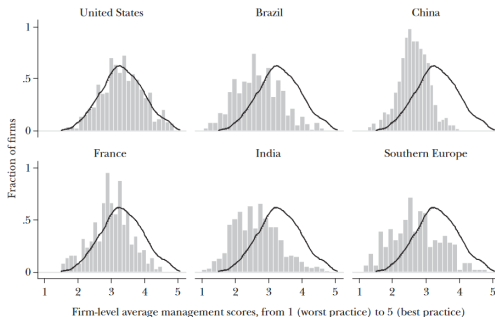
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Knowledge*

Dispersion of Business Practices

Mid-sized and large companies

Figure 2

Management Practice Scores across Firms



- Heterogeneity in mgmt practices across mid-sized and large firms (Bloom and Van Reenen, 2007; Bloom et al., 2010; ?)

PART I: Lecture
Business Practices
and Training

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

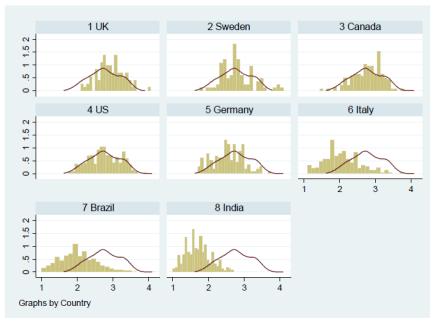
Takeaways

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Curating Local
Knowledge

Dispersion of Business Practices

Public-sector companies

FIGURE 3: MANAGEMENT WITHIN COUNTRIES



Notes: Data from 1,851 schools showing the distribution of the firm level school scores. A smoothed kernel density plot of the US data is shown on each panel for easy comparison to the US management distribution.

- Heterogeneity in mgmt practices across schools (Bloom et al., 2015) and hospitals (Bloom et al., 2020)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

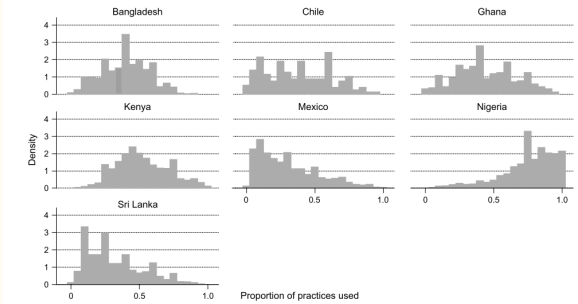
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*Curating Local
Knowledge*

Dispersion of Business Practices

Small firms

McKenzie and Woodruff: *Business Practices in Small Firms in Developing Countries*
Management Science, 2017, vol. 63, no. 9, pp. 2967–2981, © 2016 INFORMS

Figure 1. Variation in Business Practices Within Countries



- Heterogeneity in business practices across micro and small enterprises (McKenzie and Woodruff, 2017)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Characterization of Business Practices

Set of general best practices for small firms

- McKenzie and Woodruff (2017) identify set of 26 business practices most closely associated with business performance
 - Validated in 7 countries in Asia, Africa, and South America
 - 4 major domains of business practices
 - 1 Book-keeping and accounting
 - 2 Financial planning
 - 3 Inventory management and stock control
 - 4 Marketing
- Strong persistent component at one-year endline ($r = 0.59$)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Characterization of Business Practices

- McKenzie and Woodruff (2017) identify set of 26 business practices most closely associated with business performance

- Example practices:

- 1 e.g.,
- 2 e.g.,
- 3 e.g.,
- 4 e.g.,

→ How exactly should we think about business practices translating into performance gains?

Business Practices in the Production Decision

Standard Production Decision

- Owner maximizes output $Y = f(A, L, M, K)$ at given wealth W :

$$\max_{K, M, L} \{ p f(A, L, M, K) - wL - sM - rK \}$$

$$\text{s.t. } wL + sM + rK \leq \lambda W$$

.. where L is labor, M is materials, and K is capital.

.. where w the cost of labor, s the cost of raw materials, r cost of capital, and p is the output price

.. where A represents a productivity factor and λ parameterizes borrowing constraints

PART I: Lecture
Business Practices
and Training

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
Curating Local
Knowledge

Business Practices in the Production Decision

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- 2 general conceptualizations of business practices

- 1 As factor of production B chosen by owner at market price p_B

- 2 As technology boosting productivity factor A

(see, Bloom et al., 2016; McKenzie and Woodruff, 2017; ?)

PART I: Lecture
Business Practices
and Training

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
Curating Local
Knowledge

Business Practices in the Production Decision

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$$\text{s.t. } wL + sM + rK \leq \lambda W$$

■ Further specific channels of impact

- 1 Better negotiation practices may affect raw material prices s
- 2 Record-keeping and financial planning practices may affect borrowing constraints λ through banks' willingness to lend (see, e.g., ?)
- 3 Marketing practices may affect output price p by changing demand
→ Plausible association between business practices and revenues, profits, and business growth
→ Prices (p , s , and p_B) and inputs (K , L , and M) likely endogenous to business practices B

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Business Practices and Performance

- Using panel data and a model that treats managerial capital as technology, Bloom et al. (2016) find differences in management practices account for about 30% of cross-country TFP differences
- Correlation with productivity in mid-sized and large firms (?)
- Robust association with performance and firm survival across industries and contexts in small firms (McKenzie and Woodruff, 2017)

Open questions

- Does adoption of "best practices" cause performance to increase?
- How can adoption of practices best be encouraged?

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Classical MSME Training

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

History and Prevalence

- At least **USD 1 billion per year** (to 4-5 million entrepreneurs; **McKenzie and Puerto**)
- Classical training programs *precede* evidence that business practices vary and are predictive for productivity
- Examples:
 - Start and Improve Your Business (ILO)
 - Business Edge (IFC)
 - EMPRETEC Entrepreneurship Training Workshop (UNCTAD)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

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Training**

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Typical Training Program

Content

- Training is delivered by 600 local certified trainers and by a pool of approximately 60 international master trainers. All trainers are also entrepreneurs.
- Empretec Training Workshops offer different levels of instruction that include:
- 6-day courses (48 hours); 32-hour (usually spread over 4 days) for micro-entrepreneurs with low levels of literacy; Interactive coaching based on real business challenges of participants.

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*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

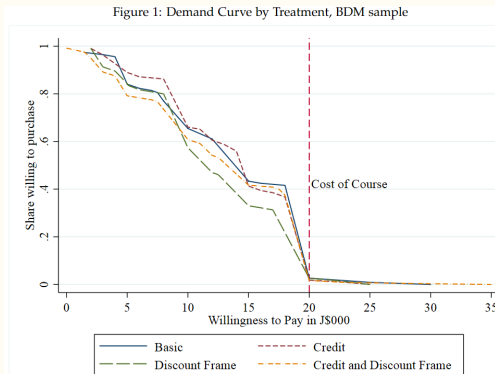
Alternative
Approaches

Takeaways

PART II: Paper
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Knowledge*

Typical Training Program

Demand for business training



- Demand curve for business training in Jamaica: ~60-70% willing to pay half, ~10% full price (?)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Typical Training Program

Delivery



PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

**Classical MSME
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Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Impact on Performance

- First wave (Karlan and Valdivia, 2011, Bruhn and Zia, 2013; Giné and Mansuri, 2014; Field, et al., 2010; Bulte et al., 2017; Anderson, Chandy, and Zia, 2018) (Karlan and Valdivia, 2011) (?) ? (?) (?) (Anderson et al., 2018)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Impact on Performance

- Econometric and implementation issues (McKenzie and Woodruff, 2014)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

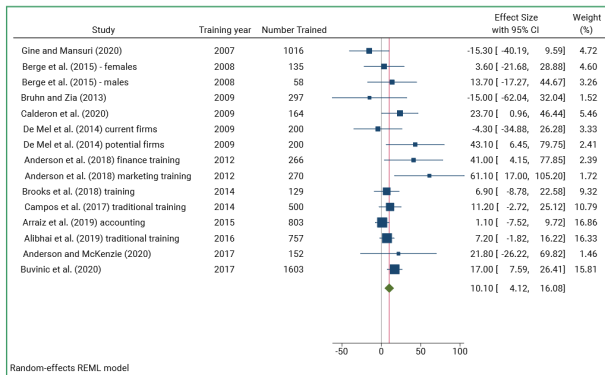
Takeaways

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Knowledge*

Impact on Performance

Including more recent evaluations (see, McKenzie and Puerto)

Figure 2 Estimates of the impact of business training on firm profits



Source: McKenzie (2020)

■ Small positive impact on practice adoption, profits, and sales

PART I: Lecture
Business Practices
and Training

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

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Curating Local
Knowledge

Refinements of the classical model

- Targeting **specific subgroups** of the population
 - Alleviating **particularly severe constraints**
→ Marginalized or disadvantaged groups (e.g., women, youth)
 - Maximizing **treatment impact** or cost-effectiveness
→ Promising entrepreneurs (e.g., high-growth firms)
 - Plus: **Maximizing statistical power** through homogeneity
- Training of skills in **particular domains**
 - Alleviating **specific constraints**
 - Investigating mechanisms of treatment impact

Targeted Training

Female entrepreneurs

- Most common type of targeted training (potentially complementary to classical microfinance model)
- Example: Gender and Enterprise Together (GET Ahead, ILO; ??)
- ?
- More severe constraints, e.g., due to household-level reallocation (?de Mel et al., 2009)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Targeted Training

Young entrepreneurs

- Typically embedded as entrepreneurship programs in school and university
- Example: University final year course in Tunisia (?)
 -
 -

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*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Targeted Training

High-growth businesses ("gazelles")

- Marcel Fafchamps and Simon Quinn, (McKenzie, 2017)
- Small literature on business accelerators and incubators (see, e.g., ???)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Training Specific Domains

Anderson et al. (2018) assign 852 South African MSEs to distinct types of training:

- 1 Marketing/sales skills
- 2 Finance/accounting skills

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Training Specific Domains

Anderson et al. (2018) assign 852 South African businesses to two distinct trainings:

1 Marketing/sales skills

- 61% increase in profits
- "Growth focus" on higher sales, stock investments, and hiring
→ Benefits new businesses (= less market exposure)

2 Finance/accounting skills

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Training Specific Domains

Anderson et al. (2018) assign 852 South African businesses to two distinct trainings:

1 Marketing/sales skills

- 61% increase in profits
- "Growth focus" on higher sales, stock investments, and hiring
→ Benefits new businesses (= less market exposure)

2 Finance/accounting skills

- 41% increase in profits
 - "Efficiency focus" on lower costs
→ Benefits established businesses
- Different "pathways to profits"

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Extensions of the Classical Approach

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

On-site Consulting

Typical Consulting Intervention

- Three-step procedure
 - 1 Diagnosing practices
 - 2 Identifying areas of improvement
 - 3 Joint and interactive problem solving

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

On-site Consulting

Typical Consulting Intervention

- Three-step procedure
 - 1 Diagnosing practices
 - 2 Identifying areas of improvement
 - 3 Joint and interactive problem solving
- Sustained and intensive
 - Total of 88 to 200 hours and more (?Bruhn and Schoar, 2018; ?; ?)
 - Typically several months
 - Meetings monthly to twice weekly, 2-4 hours
 - Total cost between USD 4,000 and 12,000 per firm (?Bruhn and Schoar, 2018)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

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- Sustained and intensive
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 - Typically several months
 - Meetings monthly to twice weekly, 2-4 hours
 - Total cost between USD 4,000 and 12,000 per firm (?Bruhn and Schoar, 2018)
- Typically one-on-one (also group-based)
- Often gov't-subsidized (private contributions typically ~10%)
 - Matching-grant programs

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

SME consulting (Bruhn and Schoar, 2018)

- Evaluation of a matching grants program in Mexico



PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Multimedia delivery

TV shows

- Examples: Ruka Juu in Tanzania (?) and El Mashroua in Egypt (?)
- ?

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

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PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Multimedia delivery

Text messages

- (?) (?)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Complementary Constraints

- McKenzie cash JDE paper
- (Giné and Mansuri, 2021)
- Berge et al. (2015)
- de Mel et al. (2014)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Complementary Constraints

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PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Measuring Firm Performance

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm Performance

Mechanisms

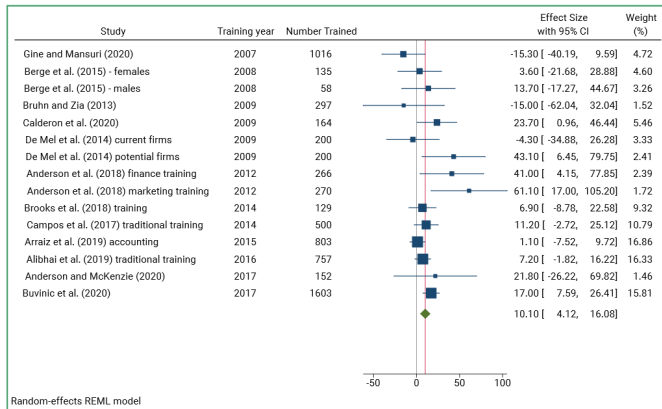
Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Imprecision of Outcome Measures

Figure 2 Estimates of the impact of business training on firm profits



Source: McKenzie (2020)

- Extremely wide confidence intervals on impact estimates

PART I: Lecture
Business Practices and Training

Business Practices and Productivity

Classical MSME Training

Extensions of the Classical Approach

Measuring Firm Performance

Mechanisms

Alternative Approaches

Takeaways

PART II: Paper
Curating Local Knowledge

Self-reports and aggregation

(?) (de Mel et al., 2009) (?)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Self-reports and aggregation

- Self-reports of aggregate (de Mel et al., 2009)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

**Measuring Firm
Performance**

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Self-reports and aggregation

- Disaggregating quantities in self-reports (de Mel et al., 2009)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

**Measuring Firm
Performance**

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Self-reports and aggregation

- Direct measures (de Mel et al., 2009)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

**Measuring Firm
Performance**

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Sales vs. Profits

- (de Mel et al., 2009)

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Sales vs. Profits

- (de Mel et al., 2009)

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Sales vs. Profits

Direct measurements

- (?) Personalized Digital Assistants (PDAs) for MSEs in Ghana
 - Vast majority of large changes in sales and profits genuine income volatility

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*



PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

**Measuring Firm
Performance**

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*



PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

**Measuring Firm
Performance**

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Mechanisms

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Heterogeneity of Impact

Heterogeneity of treatment effects poorly understood across different approaches

- Potential constraints are manifold, and likely context-dependent
- Some more obvious constraints (already mentioned in passing):
 - Credit constraints (see, e.g.,) McKenzie cash paper
 - Gender norms and constraints
 - Age-related network and knowledge/skill constraints

→ More recent literature highlights behavioral constraints

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Education and literacy

Most MSE entrepreneurs have limited education

McKenzie and Woodruff: *Business Practices in Small Firms in Developing Countries*
Management Science, 2017, vol. 63, no. 9, pp. 2967–2981, ©2016 INFORMS

Table 1. Summary Statistics

	Full sample		Means by country						
	Mean	SD	Bangladesh	Chile	Ghana	Kenya	Mexico	Nigeria	Sri Lanka
Male	0.23	0.42	0.99	0.09	0.78	0.00	0.00	0.85	0.47
Owner's age	41.0	12.6	41.9	36.6	39.3	35.7	45.3	30.9	37.3
Years of education	9.7	4.1	9.7	10.0	14.0	9.0	8.6	14.8	10.8
Digitspan recall	4.5	2.1	5.4	n.a.	6.5	5.0	3.3	7.5	6.4
Raven test score	5.0	2.9	n.a.	n.a.	n.a.	6.9	4.9	4.4	3.2
...
Number of observations	20,400		1,724	158	335	3,532	10,265	1,725	2,661

Notes. "n.a." denotes not asked in this data set. Business practice score is the proportion of 26 business practices used by the firm. Marketing (seven practices), buying and stock (three practices), record-keeping (eight practices), and financial planning (eight practices) are subcomponents.

- Typical small-firm owner dropped out of highschool
- Test scores on digitspan and Raven's matrices about % of Western university samples (comp.)

PART I: Lecture
Business Practices
and Training

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
Curating Local
Knowledge

Potential for heuristics and rules of thumb

- Drexler, Fischer & Schoar (2014) ([Drexler et al., 2014](#))

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Dynamic complementarities in skill acquisition

Complementarities in skills



Learning styles



PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Family Commitments

- Interesting; no beh const

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Segregated Markets

- Missing economies of scale
- Interesting; not behavioral constraint

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Aspirations



PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Local Relevance of Business Practices



PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Alternative Approaches

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

**Alternative
Approaches**

Takeaways

PART II: Paper *Curating Local Knowledge*

Rules of Thumb

- Drexler, Fischer & Schoar (2014) ([Drexler et al., 2014](#))

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Rules of Thumb

■ (?) (?)

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Entrepreneurial mindset

■ (?)

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Entrepreneurial mindset

■ (?) (?)

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Local Knowledge

- Cai and Szeidl (2019), Brooks et al. (2018), Lafortune et al. (2020), Seither (2020), Abebe et al. (2020)?

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

**Alternative
Approaches**

Takeaways

PART II: Paper *Curating Local Knowledge*

Local Knowledge

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PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

**Alternative
Approaches**

Takeaways

PART II: Paper *Curating Local Knowledge*

Local Knowledge

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PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

**Alternative
Approaches**

Takeaways

PART II: Paper *Curating Local Knowledge*

Role Models

- La Ferrara et al. (2012); Chong and La Ferrara (2009); Berg and Zia (2013); Riley (2018)

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

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PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Role Models

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PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Takeaways

PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Takeaways



PART I: Lecture *Business Practices and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper *Curating Local Knowledge*

Questions

Any questions?

.. before we move on to our paper?

PART I: Lecture
*Business Practices
and Training*

Business Practices
and Productivity

Classical MSME
Training

Extensions of the
Classical Approach

Measuring Firm
Performance

Mechanisms

Alternative
Approaches

Takeaways

PART II: Paper
*Curating Local
Knowledge*

Curating Local Knowledge

Experimental Evidence from Small Retailers in Indonesia

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¹Tilburg University

²UC Berkeley, CEGA

³The World Bank

March 04, 2021

Paper Overview

1 PART I: Lecture

Business Practices and Training

2 PART II: Paper

Curating Local Knowledge

- Motivation
- Our Approach
- Data and Design
- Results
- Discussion
- Conclusion

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Motivation

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Background

- Micro and small firms (MSEs) are typically the main **source of employment** in the developing world
- In **Indonesia**, MSEs represent ..
 - .. 99% of all firms
 - .. 94.5% of employment
- Understanding the factors fostering efficiency and growth of MSEs is an important research and policy goal

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

A Growing Focus on Management

- **Classroom Training:** Field, et al. (2010); Karlan & Valdivia (2011); Bruhn & Zia (2013); McKenzie & Woodruff (2014, 2017); Bulte et al. (2017); Anderson, Chandy & Zia (2018); Lafortune et al. (2018) (**Karlan and Valdivia, 2011**)
- **Consulting:** Bloom, et al. (2013); Karlan et al (2015); Bruhn, Karlan & Schoar (2019)
- **Mobilizing Peer Knowledge:**
 - Brooks et al. (2018) → Local mentors (market information)
 - Cai & Szeidl (2018) → Business meetings
 - Abebe et al. (2019) → Management experience matching

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Our Approach

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Harnessing Cross-Firm Heterogeneity

Some stylized facts about business practices in small firms

- Vast heterogeneity in business practices and performance across similar businesses (de Mel et al., 2009)
- Variation in practices accounts for more than 20% of variation in productivity within the same firm in the US (?)
 - Research has largely overlooked this heterogeneity in program design and implementation

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Harnessing Cross-Firm Heterogeneity

Some stylized facts about business practices in small firms

- Vast heterogeneity in business practices and performance across similar businesses (de Mel et al., 2009)
- Variation in practices accounts for more than 20% of variation in productivity within the same firm in the US (?)
 - Research has largely overlooked this heterogeneity in program design and implementation

We **make productive use of this heterogeneity** in our research design:

- Use cross-firm variation to identify **practices associated with business performance**
- **Curation** of local best practices
- Test different **modes of delivery**, and their cost-effectiveness

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Selecting Local Best Practices

- Detailed **qualitative interviews** with local business peers:
 - Understand and codify their practices (record-keeping, financial planning, stocking-up, marketing, and joint decision-making)
 - Identify implementation norms and beliefs regarding each practice (e.g. whether they are complicated, necessary, etc.)
 - Document locally relevant tips and rule of thumbs
- Baseline **quantitative survey**
 - Measure practices and outcomes
 - Quantitative association of business practices with profits and sales

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Disseminating Knowledge

Basic information intervention

- Handbook

- Pure information: Which practices, how to adopt, and why?

Two complementary behavioral interventions:

- Movie

- Psychological and emotional involvement → social learning is possible through observing the successful experience of similar others.
 - Bernard, et al. (2014); La Ferrara et al. (2012); Chong and La Ferrara (2009); Berg and Zia (2013).

- On-site Assistance

- Hands-on involvement → social learning is possible through own experience, with a small nudge (Kolb, 1984).
 - Facilitated by local lay person

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Research Questions

Characterization of local best practices

- Which practices are associated with high profits?
- How do successful businesses implement them?

Adoption of best practices

- Do retailers adopt these practices once peer best practices are aggregated and made common knowledge?
- If so, does the type of experiential involvement matter?

Impact on business performance

- Does firm profitability increase?
- If so, what are the channels?

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Data and Design

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Sample

- Listing of 2042 small retail businesses from 29 sub-districts ("kelurahan") in urban Jakarta
- Selection criteria for firm listing:
 - At least $4m^2$ in size
 - At least two different product categories on offer
 - At least 30 meters distance to next business in sample → to minimize spillovers
- Random sample of 1301 from the list
- Randomization to treatment arms stratified by
 - Gender
 - Firm space ($4-6m^2$, $6-10m^2$, 10 and above m^2)
 - Composite score of business practices above or below median
 - Sub-district

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Experimental Design

Three types of information delivery:

- 1 **Handbook** with best practices and implementation tips
- 2 **Movie** with successful peers
- 3 **On-site assistance** with practice adoption

→ Movie, assistance exclusively based on handbook

Five experimental groups

- 1 **Handbook** only (N=260)
- 2 **Handbook** + invitation to **movie** screening (N=260)
- 3 **Handbook** + offer of two **assistance** visits (N=260)
- 4 **Handbook** + **movie** + **assistance** (N=260)
- 5 Control (N=261)

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Timeline

- 1 September 2015: **Qualitative** Interviews
- 2 January 2016: **Firm listing** (→ survey instrument)
- 3 Feb-Apr 2016: **Baseline** survey
- 4 Oct-Nov 2016: **Interventions**
- 5 Apr-May 2017: **Midline** survey
- 6 Apr-May 2018: **Endline** survey

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Typical Business in the Sample



PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Typical Business in the Sample



PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Best-practices Handbook



PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Why you should try these best practices in your shop

*Evidence from a large-scale study
on Jakarta-based retailers*



RECORD-KEEPING

Shop owners who keep business records report 28% higher monthly sales and 26% higher monthly profits than those who do not keep business records.

Shop owners who track their customers' debts report 40% higher monthly sales and 36% higher monthly profits than those who do not track their customers' debts.



STOCK-UP SCHEDULING

Shops that maintain stock-up schedules earn 26% more in monthly sales and 25% more in profits than those that do not maintain stock-up schedules of their primary products.

Shops that stock up daily rather than weekly earn 48% more in monthly sales and 37% more in monthly profits.

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Handbook Content



A step-by-step guide to record-keeping

Step 1: Separating household and business finances

The best way to start keeping records is by establishing a clear separation between your personal and business finances. We do not mean this in the strictest sense of keeping your business cash away from your personal life completely, rather we advise you to not lose sight of your cash flow.

The most convenient and effective way to separate your personal and business finances is by **physically separating the funds into two different cash boxes, purses, or drawers. Label them clearly**; use one compartment for business purposes and another for personal.

Use only your business compartment to follow this handbook from this point forward. Make sure that money in your business compartment is used only for business purposes. Be meticulous about it - this is the first step to get your finances organized!

There is an activity at the end of this section that requires an additional compartment. If you have one more cash box, purse, or drawer available, please reserve it for this activity (**record-keeping, extra step**).

PART I: Lecture
Business Practices and Training

PART II: Paper
Curating Local Knowledge

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Movie with Successful Peers



PART I: Lecture
Business Practices
Training

PART II: Paper
Presenting Local
Knowledge

Innovation

Approach

Method and Design

Results

Discussion

Conclusion

Implementation Assistance for Business Practices



PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Results

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Summary Statistics

	Control	HB only	HB & MOV	HB & HELP	HB & HELP & Business Practices
	N = 261	N = 260	N = 260	N = 260	N = 260
Firm Owner Characteristics					
Gender (Male=1)	0.28	0.3	0.29	0.3	0.3
Age	45.22	45.27	45.28	45.16	45.16
Education (Years)	9.1	9.52	9.36	9.42	9.42
Risk Preference (0 - 10 "Perfectly Risk-Seeking")	3.74	3.76	3.88	3.6	3.6
Time Preference (0 - 10 "Perfect Patience")	5.19	5.07	5.21	5.25	5.25
Firm Characteristics					
Firm Age (Years)	12.76	13.77	14.03	13.98	13.98
Family Member Is Business Partner	0.56	0.6	0.63	0.59	0.59
Total Number of Workers	2.03	2.05	1.9	1.99	1.99
Business Has Tax ID	0.2	0.21	0.2	0.15	0.15
Total Sales Last Month (USD PPP)	4454.37	4730.64	4840.55	4761.4	4761.4
Total Profits Last Month (USD PPP)	889.58	961.1	926.78	825.25	825.25
Applied for Bus Loan in Last 12 Months	0.2	0.17	0.15	0.22	0.22
Obtained Bus Loan in Last 12 Months	0.18	0.15	0.14	0.18	0.18

Movie: Take Up and Assessment

	(1)	(2)
	HB & MOV	HB & MOV & HELP
	(A)	(B)
	N=260	N=260
Attendance		
Business Owner or Partner Attended Film Screening	0.52	0.49
Evaluation (1-4 Scale):		
Has Learned Something New	3.34	3.21
Feels Inspired	3.31	3.30
Feels Hopeful	3.60	3.42
Feels Bored	0.83	0.97

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Assistance: Take Up and Assessment

	(1)	(2)
	HB & HELP	HB & MOV, & HELP
	(A)	(B)
	N=260	N=260

Attendance

Business Owner or Partner Attended 1st Session	0.77	0.78
Business Owner or Partner Attended 2nd Session	0.68	0.68

Evaluation (1-4 Scale)

Has Learned Something New	2.88	2.89
Feels Inspired	2.76	2.83
Feels Hopeful	2.88	2.97
Feels Bored	0.59	0.43

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Impact on Business Practices

Aggregate Scores

	Record Keeping (1)	Planning (2)	Stocking-up (3)	Marketing (4)	Joint Decision-making (5)
Assigned Handbook	0.025 (0.209)	0.027 (0.273)	-0.007 (0.694)	-0.011 (0.694)	0.011 (0.694)
Assigned Handbook & Movie	0.057*** (0.009)	0.043 (0.107)	0.038 (0.117)	0.040 (0.166)	0.040 (0.217)
Assigned Handbook & Assistance	0.065*** (0.004)	0.034 (0.166)	0.011 (0.664)	0.039 (0.166)	0.037 (0.239)
Assigned All Three	0.054*** (0.009)	0.068*** (0.009)	0.053** (0.020)	0.061** (0.032)	0.059* (0.094)
R-squared	0.204	0.192	0.187	0.150	0.120
Sample Size	2205	2204	2205	2205	2205
Dependent Variable Mean of Control	0.196	0.402	0.471	0.250	0.269
Dependent Variable SD of Control	0.252	0.310	0.270	0.320	0.420
F-tests (p-value):					
Book = Book & Mov	0.069	0.487	0.014	0.028	0.300
Book = Book & Assistance	0.025	0.754	0.304	0.030	0.348
Book = All Three	0.096	0.073	0.001	0.002	0.082

Business Profits

	Profits last month (win 5%) (1)	Profits last month (IHS) (2)
Assigned Handbook	-91.307 (78.400)	-0.067 (0.088)
Assigned Handbook & Movie	110.378 (86.841)	0.055 (0.092)
Assigned Handbook & Assistance	310.455*** (89.488)	0.261*** (0.096)
Assigned All Three	191.088** (84.662)	0.199** (0.094)
R-squared	0.179	0.211

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Business Sales

	ITT Sales last month (win 5%) (1)	TOT Sales last month (win 5%) (2)
Assigned Handbook	-396.976 (314.252)	-417.198 -417.198
Assigned Handbook & Movie	335.489 (337.881)	601.221 (606.634)
Assigned Handbook & Assistance	836.755** (372.924)	1031.692** (457.015)
Assigned All Three	807.462** (358.384)	1558.326** (696.317)

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Other Outcomes

- No significant impacts on:
 - Business expenses
 - Size of the shop
 - Number of employees
 - Number of customers
 - Business credit

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Discussion

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Efficiency Gains?

Impact on business practices → **efficiency practices:**

- Adjust stocks based on product profitability
- Negotiate lower prices with suppliers
- Consult with former customers
- Offer discounts
- Make joint decisions
- Review performance to identify ways to improve
- Make anticipated budget for upcoming costs

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Efficiency Gains?

Impact on business practices → **efficiency practices**:

- Adjust stocks based on product profitability
- Negotiate lower prices with suppliers
- Consult with former customers
- Offer discounts
- Make joint decisions
- Review performance to identify ways to improve
- Make anticipated budget for upcoming costs
 - **Non-record-keeping practices**
 - **Stocking up and marketing practices** appear to drive performance effects (causal-mediation analysis)
 - Variance in profits among treated firms does not converge
 - **Efficiency gains**

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Business Knowledge or Aspirations?

Impact on practice adoption and business performance may work through ..

- .. acquisition of **business knowledge** and/or
- .. strengthening of **business aspirations**

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Business Knowledge or Aspirations?

Impact on practice adoption and business performance may work through ..

- .. acquisition of **business knowledge** and/or
- .. strengthening of **business aspirations**

We directly measure **business aspirations** ..

- .. at baseline, midline, and endline
- .. for short (one year) and long ("ideal business") time horizons
- .. for various dimensions of potential business expansion
 - Sales on a normal day
 - Physical size
 - Customers on a normal day
 - Employees

→ **No impact on aspirations**

→ Performance likely driven by increase in **business knowledge**

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Business Stealing?

Do treated businesses improve performance at the expense of the control?

- Sales and profits of **control businesses do not decrease** from baseline to endline (roughly equal)
- Sales and profits of control businesses **closer to treated shops do not decrease by more** than those further away
→ **No evidence for business stealing**

PART I: Lecture
*Business Practices
and Training*

PART II: Paper
*Curating Local
Knowledge*

Motivation

Our Approach

Data and Design

Results

Discussion

Conclusion

Cost-Effectiveness

Small costs (per firm):

- Cost Handbook alone: USD 100
- Cost Handbook & Movie: USD 125
- Cost Handbook & Assistance: USD 125
- Cost Handbook & Movie & Assistance: USD 150

Substantial Benefits

- Up to USD 330 per month in profits
- Adoption of top practices by retailers

Research design likely **scalable and portable**

PART I: Lecture
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PART II: Paper
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Motivation

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Takeaways

- Curating local knowledge has value for business growth
- Information alone does not have impact, only combined with behavioral interventions
- Mechanism likely knowledge-based, not aspirations-based
- Behavioral interventions are inexpensive and scalable
→ Attractive for policy

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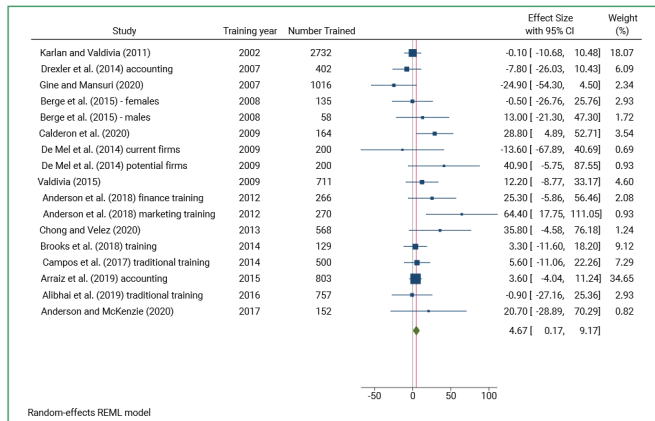
Conclusion

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Evidence of Impact

Figure 1 Estimates of the impact of business training on firm sales



Source: McKenzie (2020)

- Small positive impact on sales (back to ► profits)

References

APPENDIX