



You are cordially invited to

UCLouvain Economics Seminar

On Thursday November 9, 2017, from 12:45 to 14:00
Doyen 22, Place des Doyens, 1

Bilal Zia
(World Bank)

Will give a presentation on

Learning Business Practices from Peers: Experimental Evidence from Small-Scale Retailers in Jakarta

Abstract:

Understanding the determinants of growth for micro and small firms in poor countries is a major development goal. This paper studies whether businesses can learn best practices from their successful peers. Using a detailed baseline business survey, we identify business practices that best predict profitability and disseminate adoption and returns information to a randomly selected sample of small retailers through a professionally developed handbook. We interact two additional orthogonal treatments using insights from previous literature and behavioral science. First, a set of handbook recipients is exposed to business role models who were selected based on their rankings and demographics in the baseline survey. The role models explain their own trajectory of growth and offer motivational support to the younger business owners. A second set is exposed to individualized business assistance with trained counselors, who provide specific instruction on adoption of business practices. We do not find significant effects of the handbook alone, but significant and positive treatment effects of adding counseling and role models on sales and profitability. We also identify precise channels of impact through careful analysis of specific business practices. These findings show that business growth can be achieved through innovative and simple channels that are cost effective and scalable.

Information:

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