

The Truth About Training: What we know and don't know about SME training programs

A Conversation with Tim Ogden and David McKenzie

In a webinar on February 20, 2020, Tim Ogden, Managing Director of the Financial Access Initiative at NYU shared the latest insights on SME business training programs, with guest speaker David McKenzie, Lead Economist in the Development Research Group, Finance and Private Sector Development Unit at the World Bank. Tim and David discussed what we know about small business performance and productivity, the importance of management, and training impact evaluations--all essential for innovating SME training programs. Below are a list of the papers referenced during their conversation. You can access a recording of the webinar [here](#).

Introduction:

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What do we know about SMEs around the world?:

- Hsieh and Olken (*Journal of Economic Perspectives*, 2014): "The Missing 'Missing Middle'", www.nber.org/papers/w19966
- Ayyagari, Demircuc-Kunt and Maksimovic (*Small Business Economics*, 2014): "Who Creates Jobs in Developing Countries?", link.springer.com/article/10.1007%2Fs11187-014-9549-5
- Davis, Haltiwanger and Schuh (*Small Business Economics*, 1996): "Small Business and Job Creation", www.nber.org/papers/w4492
- McKenzie and Paffhausen (*The Review of Economics and Statistics*, 2019): "Small Firm Death in Developing Countries", ideas.repec.org/a/tpr/restat/v101y2019i4p645-657.html
- World Bank (2019): "High Growth Firms: Facts, Fiction, and Policy Options for Emerging Economies", openknowledge.worldbank.org/handle/10986/30800
- de Mel, McKenzie, and Woodruff (*Quarterly Journal of Economics*, 2008): "Returns to Capital in Microenterprises", doi.org/10.1162/qjec.2009.124.1.423
- Fafchamps, et al. (*Journal of Economic Literature*, 2020): "Microenterprise Growth and the Flypaper Effect", ideas.repec.org/e/c/pmc29.html
- McKenzie (*American Economic Review*, 2017): "Identifying and Spurring High-Growth Entrepreneurship", www.aeaweb.org/articles?id=10.1257/aer.20151404
- Banerjee and Duflo (*The Review of Economic Studies*, 2014): "Do Firms want to Borrow More?", <https://economics.mit.edu/files/2707>
- Zia (*Journal of Financial Economics*, 2008): "Export incentives, financial constraints, and the (mis)allocation of credit", pdfs.semanticscholar.org/ad3a/3f0c0234af3dd7802a1d07d3a2129c974c4f.pdf
- Kremer, Lee, Robinson and Rostapshova (*American Economic Review*, 2013): "Behavioral Biases and Firm Behavior", www.aeaweb.org/articles?id=10.1257/aer.103.3.362
- Beaman, Magruder and Robinson (*Journal of Development Economics*, 2014): "Minding Small Change among Small Firms in Kenya", ideas.repec.org/a/eee/deveco/v108y2014icp69-86.html
- Acimovic, Parker, Drake and Balasubramanian (*Working Paper*, 2020): "Show or Tell? Improving Inventory Support for Agent-Based Businesses at the Base of the Pyramid", papers.ssrn.com/sol3/papers.cfm?abstract_id=3186575
- Bloom and Van Reenen (*NBER*, 2006): "Measuring and Explaining Management Practices Across Firms and Countries", www.nber.org/papers/w12216
- McKenzie and Woodruff (*Management Science*, 2016): "Business Practices in Small Firms in Developing Countries", pubsonline.informs.org/doi/10.1287/mnsc.2016.2492

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What do we know about training?:

- McKenzie and Woodruff (*World Bank Research Observer*, 2014): "What Are We Learning from Business Training and Entrepreneurship Evaluations around the Developing World?", elibrary.worldbank.org/doi/abs/10.1093/wbro/lkt007
- Karlan and Valdivia (*Review of Economics and Statistics*, 2007): "Teaching Entrepreneurship: Impact Of Business Training On Microfinance Clients and Institutions", www.mitpressjournals.org/doi/10.1162/REST_a_00074

What promising options are out there?

- Campos et al (*Science*, 2017): "Teaching Personal Initiative Beats Traditional Training in Boosting Small Business", science.sciencemag.org/content/357/6357/1287
- Drexler, Fischer and Schoar (*American Economic Review*, 2014): "Keeping it Simple: Financial Literacy and Rules of Thumb", www.aeaweb.org/articles?id=10.1257/app.6.2.1
- McKenzie and Puerto (*WB PRWP*, 2017): "Growing Markets through Business Training for Female Entrepreneurs", papers.ssrn.com/sol3/papers.cfm?abstract_id=3169614
- Bulte, Lensink, and Vu (*Management Science*, 2017): "Do Gender and Business Trainings Affect Business Outcomes?", pubsonline.informs.org/doi/10.1287/mnsc.2016.2472
- Brooks, Donovan and Johnson (*American Economic Journal*, 2018): "Mentors or Teachers? Microenterprise Training in Kenya", www.aeaweb.org/articles?id=10.1257/app.20170042
- Dalton, et al. (*WB PRWP*, 2019): "Learning to Grow from Peers: Experimental Evidence from Small Retailers in Indonesia", documents.worldbank.org/curated/en/163271562607211906/Learning-to-Grow-from-Peers-Experimental-Evidence-from-Small-Retailers-in-Indonesia
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- Anderson-Macdonald et al (WB Brief, 2017): "Pathways to Profits: The Impact of Marketing vs. Finance Skills on Business Performance", documents.worldbank.org/curated/en/986921487749709774/Pathways-to-profits-identifying-separate-channels-of-business-growth-through-business-training

Challenges Ahead:

- Escueta, et al (*Journal of Economic Literature, Working Paper*, 2020): "Upgrading Education with Technology", www.aeaweb.org/articles?id=10.1257/jel.20191507&from=f
- Alibhai et al. (*WB PRWP*, 2019): "Full Esteem Ahead? Mindset-Oriented Business Training in Ethiopia", <https://ideas.repec.org/p/wbk/wbrwps/8892.html>
- Bjorvatn et al. (*Management Science*, 2019): "Teaching Through Television: Experimental Evidence on Entrepreneurship Education in Tanzania", pubsonline.informs.org/doi/abs/10.1287/mnsc.2019.3321
- Barsoum et al. (*ILO*, 2018): "Evaluating the Impact of Entrepreneurship Edutainment in Egypt", https://drive.google.com/file/d/1gTjYv_1zhhqSK5X-hpx2kOPfK09bgmf/view

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