The Department of Agricultural & Resource Economics
Welcomes

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FRIDAY, February 26, 2016
11:15 am – 12:30 pm
WB Young 327

Business is Tough, but Family is Worse: How Family Constrains Microenterprise Development in Uganda

Do family pressures affect business investment decisions? Utilizing a field experiment and incentivized games, this seminar explores the long-term effects of a capital and training program and the role of family pressure on capital usage. Researchers randomly selected individuals to receive capital through a loan, grant, or pairing capital with training. There are three main results. First, I find men in the loan-with-training program show large impacts on business profits. However, these profits are no longer concentrated in the main business but have been distributed across businesses owned by men. I find no effect for men from the grants. Consistent with a well-developed literature, I also find no effect from any of the programs on female-headed businesses. Second, the lack of effect of the programs on women is not due to investment in the spouse's business. Finally, in order to test the quality of household interaction, individuals played a game where they could hide money from their spouses but at a significant cost. Married men who do not hide money perform well, while those who do hide money show no effects from the programs. The opposite is the case for women: women who don't trust their husbands with money obtain business growth, while those who do trust their spouses perform poorly from the interventions. This effect is even stronger when extended family lives nearby. These results suggest there is an inefficiency in household decisions that significantly affects business outcomes. This inefficiency is reduced, for both male- and female-owned enterprises, when women have more control over money.

For questions or concerns, contact Tatiana Andreyeva (tatiana.andreyeva@uconn.edu)