The Impact of Goal Settings and Groups to Support Small Businesses: Experimental Evidence using Female Entrepreneurs in Abuja Nigeria

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MOTIVATION
Female Entrepreneurship in Developing Countries

- In different societies, women do not enjoy access to the same opportunities as men (UNIDO, 2006).
- They face issues of lack of financial capital, poor access to market information, unfavorable working conditions and technology (UNIDO, 2006).
- Women are not taught effectively on how to manage their business and this results in low profit and stagnant growth in their businesses.
- These constraints are aggravated by a hostile business environment plagued with gender inequality and poverty (UNIDO, 2006).
- Approximately 57% of women in Nigeria from age 15-64 are involved in some form of employment, but there are still 17 million unemployed women (World Bank, 2016).
- Promoting women’s employment and entrepreneurship can help increase productivity and economic growth (World Bank, 2016).
- The United Nations Industrial Development Organization also states that an important key to improving female informal entrepreneurs is access to technological know-how, entrepreneurial and business skills and access to financial capital (UNIDO, 2006).

THIS PAPER
- This paper makes use of the Family Independence Initiative (FII) developed by Mauricio Lim Miller.
- The FII implements three behavioral mechanisms of goal settings, incentives as well as support groups as a way in which people can pick themselves up from poverty with just a little nudging.
- This current work extends the existing literature to test whether a similar approach can also be successful within the Nigerian socio-economic environment and specifically targeting female small-scale business owners.
- The concept of goal settings, support groups and incentives can be encouraged to positively direct the outcome of the decisions made by the females used in the study to perform the best business practices to improve their sales and lead to profit.

Research Question: What is the impact of goal settings and groups on female small-scale business owners in Abuja Nigeria?

EXPERIMENTAL DESIGN

Control Groups: No Goal, No Prize, No Group
Control: Survey at baseline, midline and end line N=(37)
Control 2: Survey of end line N=(40)
Control 2: Survey of end line N=(48)

Support Group
- Monetary Incentives: No Prize
- Treatment Group 3: Goal, No Prize, No Group
- Treatment Group 1: Goal, Group, No Incentive
- Treatment Group 2: Goal, Prize, Group N=(23)

GOAL SURVEY
- Update or create a business plan for your business (whether you have a business or not)
- Attend a business or entrepreneurship seminar
- Begin or continue to keep accounting of your business, and show the gains and losses statement (record keeping)
- Purchase a machine, tool, or equipment for your business
- Create and implement a marketing strategy for your business (website, social networking sites (Facebook), etc. for those businesses that apply or those about to begin)
- Apply for any of the following licenses or registrations that you do not currently have (only if required for your business):
  - Registry with tax board
  - Operation - Sanitation
  - Food handling - Public space
  - Attend a course for adult literacy course / communication classes (how to interact in a business setting)
  - Save a minimum of #5000 naira every week for the next week in a savings account

MODEL AND HYPOTHESIS
- GoalsAchieved = β0 + β1Goal + β2Incentive + β3Group + β4Self + Estem + β5Risk + γX + ε
- Dependent variable- 0 or 1 if subjects achieved their goals or not.
- Goal, Group and Incentive - 0 or 1 if the subjects were in either the goal, group or incentive group.
- Risk - measures overall risk of subjects on a scale of 1:10 (1- less risky and 10-most risky)
- γX: Control variables like age, education, marital status, self esteem, sufficient income and strata.

RESULTS

SOME QUALITATIVE ANSWERS FROM THE SURVEY
- Why do you want to be an entrepreneur/why are you an entrepreneur?
  - “To be financially independent”
  - “To have money so as to help my family”
  - “To be an employer of labor and reduce unemployment”
  - “To make money and live well”
  - “To have an alternative source of income”

What do you think the government can do to improve entrepreneurship among women in Nigeria?
- “Open or create other job opportunities for educated women”
- “More training centers”
- “Giving women opportunities in the larger society afterwards”
- “Make it easier to register businesses”
- “Easy access to grant and loans”

SUMMARY AND CONCLUSION
- The impact of the Family Independence Initiative has been proven to be a cost-effective tool in eliminating poverty.
- Different papers highlight the importance of goals, support groups and incentives as a pathway out of poverty.
- Unfortunately, the results generated using small-scale female entrepreneurs in Abuja Nigeria do not yield statistically significant results to support this claim and add to the existing literature which says that goal achievement is meant to have an impact on support groups and incentives.
- Goal achievement on the treatment group have no significant effect on achievement or income.
- Support groups do not have any impact on goal achievement as income.

FUTURE RECOMMENDATIONS
- This study provides an interesting contribution to the literature by stating that in order to effectively find the true impact of the FII, there are necessary conditions, rules, guidelines and protocols that must be greatly observed.
- Future research should be conducted to effectively estimate the impact of the three FII mechanisms as a pathway out of poverty in Nigeria. Nigeria is really an important country to study because of the increase in the number of women who are joining small-scale business entrepreneurship as a means of survival and self-independence not only for them, but their families as well.
- It is imperative that the subjects to be used in the study must be greatly powered and cover a vast majority of the individuals of all ages.
- The program must be run for a longer period of time in order to allow the three behavioral mechanisms make an impact.
- This is because it takes a longer period of time for the behavior of an individual to change conditional on the behavioral mechanism administered.

REFERENCES
- Agboola, A. et al. (2016). Raising achievement among micro entrepreneurs: An experimental test of goals, incentives and support groups in Medellin, Colombia, 1-36.