

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

Nneoma Stephanie Nwobilor

Department of Economics, University of San Francisco

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 less 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

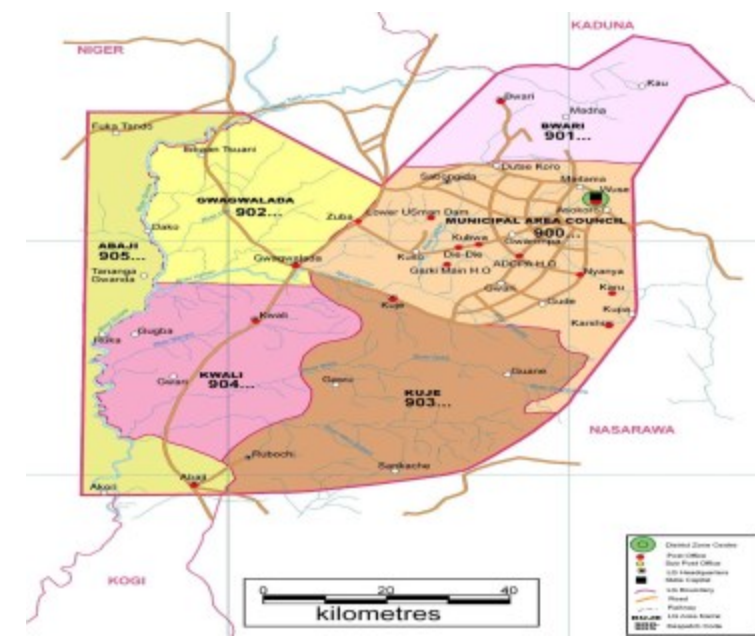
- This paper makes use of the Family Independence Initiative (FII) developed by Mauricio Lim Miller
- The FII implements three behavioral mechanisms of goal settings, incentives as well as support groups as a way in which people can pick themselves up from poverty with just a little nudge.
- This current 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:		Support Group	
No Goal, No Prize, No Group			
Control 1: Survey at baseline, midline and end line N= (37)			
Control 2: Survey at end line N=(48)		No Group	Group
Monetary Incentives	No Prize	Treatment Group 3 Goal, No Prize, No Group. N=(24)	Treatment Group 1 Goal, Group, No Prize. N=(28)
	Prize		Treatment Group 2 Goal, Prize, Group N=(23)

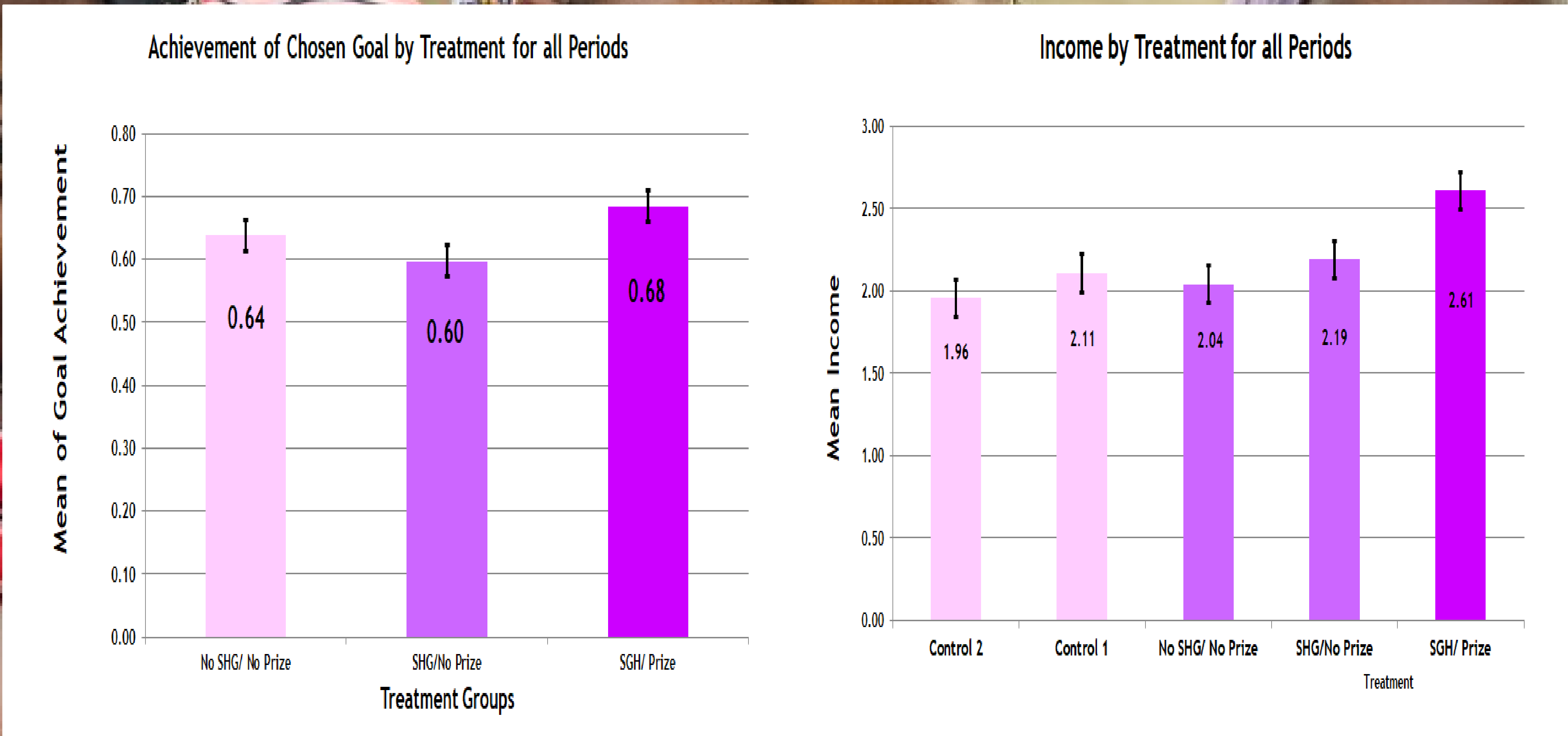
DATA



- Abuja, Nigeria
- Collaboration with the National Center of Women Development.
- 1-2 hour sessions per week
- 3 periods
- 167 women
- Participants paid 1500 Naira for participating (2 times above the daily minimum wage)

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

$GoalsAchieved_{it} = \beta_0 + \beta_1 Goals_{it} + \beta_2 Group_{it} + \beta_3 Incentive_{it} + \beta_4 Self - Esteem_{it} + \beta_5 Risk_{it} + \gamma X_i + \epsilon_i$

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)

xyi- Control variables like age, education, marital status, self esteem, sufficient income and strata.

RESULTS

	(1)	(2)	(3)	(4)	(5)	(6)
Support Group	-0.223 (0.661)	-0.146 (0.669)	-0.196 (0.660)	-0.152 (0.667)	-0.168 (0.610)	-0.259 (0.744)
Incentive	0.498 (0.660)	0.401 (0.690)	0.431 (0.678)	0.242 (0.678)	0.424 (0.646)	0.484 (0.754)
Age		0.138 (0.397)	0.110 (0.390)	0.319 (0.411)	0.551 (0.409)	0.566 (0.500)
Education			-0.249 (0.256)	-0.248 (0.254)	-0.239 (0.241)	-0.271 (0.284)
Social Strata				0.834* (0.503)	0.701 (0.468)	0.832 (0.549)
Risk						-0.0606 (0.144)
Constant	0.691 (0.525)	0.416 (0.925)	1.649 (1.582)	-0.986 (2.116)	-0.477 (2.236)	-0.0371 (2.992)
Observations	127	119	119	117	115	109
Number of Individuals	73	68	68	66	65	62

	(1)	(2)	(3)	(4)	(5)	(6)
Support Group	0.200 (0.168)	0.144 (0.175)	0.139 (0.176)	0.116 (0.185)	0.0632 (0.181)	0.114 (0.182)
Incentive	0.358 (0.226)	0.394* (0.238)	0.378 (0.243)	0.402 (0.249)	0.452* (0.244)	0.411* (0.243)
Age		0.126 (0.0806)	0.132 (0.0814)	0.138* (0.0825)	0.146* (0.0807)	0.131 (0.0807)
Education			-0.0413 (0.0606)	-0.0344 (0.0624)	-0.0519 (0.0613)	-0.0410 (0.0607)
Social Strata				-0.0746 (0.110)	-0.0245 (0.109)	-0.0478 (0.108)
Self esteem					0.370*** (0.132)	0.424*** (0.133)
Risk						0.0685** (0.0296)
Constant	2.037*** (0.0803)	1.774*** (0.187)	1.953*** (0.325)	2.120*** (0.422)	1.278** (0.510)	0.676 (0.562)
Observations	441	426	423	412	412	403
Number of Individuals	163	158	157	153	153	150

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"
- "I want 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 kit 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 support groups and.
- Incentives only have a modest effect on increase in income and not on goal achievement. Support groups do not have any impact on goal achievement or 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 amount 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 major of the individuals of interest.
- 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

- Aguinaga, P. et al. (2016). Raising achievement among micro entrepreneurs: An experimental test of goals, incentives and support groups in Medellin Colombia. 1-36.
- Basu, K. (2006). Gender and Say: a Model of Household Behaviour with Endogenously determined balance of power. *The Economic Journal* , 558-580.
- Becker, Gary S. (1975). "Investment in Human Capital: Effects on Earnings." *NBER 0-226-04109-3*.
- Cushman , Fiery, and Adam Morris. (2015) "Fiery Cushman." *Proceedings of the National Academy of Sciences, National Acad Sciences*.
- De Silva, S. J. (2016). The work of women in Nigeria. *The World Bank Organization*.