Development Lunch

Event time: Monday, October 14, 2019 - 12:00pm
28 Hillhouse Ave., Room 106

Speaker, Affiliation: Paula Lopez-Pena, Yale University

Abstract: I study the effect of teaching soft skills to small firm owners on their mental health, managerial practices, and firm performance. Female entrepreneurs were randomly assigned either to a treatment group that received a 10-week course of Cognitive Behavioral Therapy (CBT) featuring priority-setting, time management, and attention training techniques, or to an active control group. First, I document that a large fraction of owners in my sample show symptoms of moderate and major depression, and that profits are strongly negatively correlated with lagged and contemporaneous depression. Second, I show that CBT leads to large reductions in depression that persist 12 months post-treatment, but no changes in managerial practices. Aggregating profits and time use data over the course of one year, I find evidence that firms in the CBT group show modest, insignificant increases in monthly profits and statistically significantly higher profits per hour.

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