

Authors

Miriam Bruhn
World Bank

Dean Karlan
Northwestern University

Antoinette Schoar
Massachusetts Institute of Technology

What Capital is Missing in Developing Countries?

Miriam Bruhn
Development Research Group
The World Bank
MSN MC3-307
1818 H Street N.W.
Washington, DC 20433
mbruhn@worldbank.org
202-458-2732

Dean Karlan
Department of Economics
Yale University
27 Hillhouse Avenue, Room 23
New Haven, CT 06511
dean.karlan@yale.edu
203-432-4479

Antoinette Schoar (Corresponding Author)
MIT Sloan School of Management
Massachusetts Institute of Technology
50 Memorial Drive E52-433
Cambridge, MA 02142
aschoar@mit.edu
617-253-3763

Session Title: Field Experiments in Firms
Session Chair: John Van Reenen
Discussants: No discussants have been appointed

What Capital is Missing in Developing Countries?

What capital is missing in developing countries? We put forward “managerial capital”, which is distinct from human capital, as a key missing form of capital in developing countries. And it has also been curiously missing in the research on growth and development. We argue in this paper that lack of managerial capital has broad implications for firm growth as well as the effectiveness of other input actors. A large literature in development economics aims to understand the impediments to firm growth, particularly small and medium enterprises. Standard growth theories have explored the importance of input factors such as capital and

labor in the production function of firms and countries.

January 01, 2010