

**Authors**

Miriam Bruhn  
World Bank

Dean Karlan  
Northwestern University

Antoinette Schoar  
Massachusetts Institute of Technology

**bruhnkarlanschoar\_aer\_pp.pdf**

# 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