

Authors

Paula López-Peña
Yale University

Stress Management Practices, Owner Well-Being,
and Firm Outcomes in Bangladesh*

Paula Lopez-Pena

October 31, 2017

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Abstract

This paper studies the impact on well-being and business outcomes from teaching stress-management practices to small firm owners in Bangladesh. Female owners were randomly assigned either to a treatment group that received a 10-week Cognitive Behavioral Therapy (CBT) course featuring priority-setting and relaxation techniques, or to a control group exposed to Empathic Listening. CBT leads to large initial reductions in owner stress, but no initial increase in firm profits. Six months after receiving CBT, owners in sectors with a low concentration of women show large and significant effects on stress, and their firms show increased profits. By contrast, owners in female-dominated sectors experience a short-lived reduction in stress, and firms show no changes in profits. The large post-treatment differences in well-being and profits between industries suggest that the ability to manage stress is malleable, and that industry choice proxies for traits that are strongly correlated with returns to training.

JEL classification: I15, J06, J24, L26, M53, Z13

*Department of Economics, University of Warwick. Email: P.Lopez-Pena@warwick.ac.uk. I am thankful to James Fenske, Anand Maiti and Christopher Woodruff for their invaluable support and advice. This paper benefited from discussions with Dan Bernhardt, Mirko Draca, Clement Duvallet, Roland Hudek, and seminar participants at Warwick, PSE and the Oxford Workshop. Funding from the IPA Competitive Research Fund on Entrepreneurship and SME Growth and the Ewing Marion Kauffman Foundation is gratefully acknowledged. Susmit Jhita provided excellent research assistance. This project received IRB approval from the University of Warwick and Innovations for Poverty Action. SEA ICT Registration Number 000863. All views remain my own.

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