

**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