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

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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, J16, J24, L26, M53, Z13

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