

Researchers

Nava Ashraf
London School of Economics and Political Science

Gharad Bryan
London School of Economics and Political Science

Alexia Delfino
London School of Economics and Political Science

Leonardo Iacovone
World Bank

Ashley Pople
University of Oxford

Emily Holmes
Karolinska Institutet

Staff

Ana Serrano
Associate Director, Policy and Partnerships, Colombia

Dayana Tellez Galeano
Associate Director, Research and Operations, Colombia

Timeline

2019-

Study Status

Results

Study Type

Randomized Evaluation

Sample Size

1,967 entrepreneurs in Bogotá

Research Implemented by IPA

Yes

Policy Issue

Business and entrepreneurship training programs are a common approach for promoting socio-economic inclusion and improving well-being for conflict-affected populations. Yet, many of these programs do not address internal barriers to learning and decision-making. Recent evidence suggests that soft skills training—which emphasizes adaptability, creativity, and goal-setting—may be more effective than traditional business training in improving profits and growth in fragile or resource-constrained settings. However, individuals who have experienced conflict and other traumatic experiences often face internal barriers that may make it difficult to imagine and predict future events and opportunities.¹ For such populations, imagery techniques—which encourage individuals to visualize future scenarios or adopt the perspectives of others—may be effective in boosting motivation and improving individuals' abilities to conceptualize the future. However, the impact of imagery techniques on business decisions and economic outcomes have not yet been studied.

Context of the Evaluation

More than 6.8 million people in Colombia are displaced as a result of conflict and violence. In addition, approximately 2.5 million Venezuelan migrants have settled in Colombia since 2016. A significant majority of forcibly displaced people in Colombia live in major urban centers, including Bogotá, and many start small enterprises to make a living. However, recent research in the country has shown that more severe episodes of violence not only result in higher levels of psychological trauma and anxiety, but also greater risk aversion, and pessimistic perceptions of social mobility.² Higher trauma symptoms are also associated with poorer performance in non-cognitive skills and job training in local programs.³ Against this backdrop, there is strong interest from local policymakers to invest in entrepreneurship programs that both stimulate economic growth and promote the full economic participation of vulnerable populations.

Details of the Intervention

Researchers partnered with IPA, the Bogotá District Department of Social Integration, and the District Department of Economic Development to conduct a randomized evaluation of an entrepreneurship program that incorporated imagery-based learning with traditional business training.

The program consisted of ten three-hour business training sessions covering entrepreneurship themes such as marketing, savings and access to finance, productivity, and more. In addition, entrepreneurs participated in imagery exercises about these themes to help them think about the future, practice plans, and adopt the perspective of others.

The curriculum's primary outcome was the frequency with which entrepreneurs used imagery to make business decisions and the quality of the images generated when using imagery. Researchers also measured the curriculum's impact on entrepreneurs' resilience in responding to adversity and on economic outcomes such as sales and take-home income.

A total of 1,967 entrepreneurs—primarily women and forcibly displaced individuals—with existing businesses or concrete business ideas participated in the program. To evaluate the program, researchers randomly assigned the entrepreneurs to the following groups:

- **Business training and imagery exercises (956 entrepreneurs):** This group received the combined business training and imagery-based exercises curriculum.
- **Traditional business skills training (558 entrepreneurs):** This group received the traditional business skills training curriculum only.
- **Comparison group (453 entrepreneurs):** This group did not receive any training.

An initial survey was conducted with participants immediately before the training in 2019. The training was delivered in two waves, from July to September 2019 and from September to December 2019. Researchers conducted follow-up surveys in May 2020 and in November 2020, 8 months and 14 months after the training program, respectively.

Results and Policy Lessons

The imagery entrepreneurship training program increased the use of imagery to make business decisions and substantially improved entrepreneurs' earnings. Women and people with high trauma experienced the strongest effects from the program.

Impacts on Business Decisions: Relative to the traditional business skills curriculum, the imagery curriculum increased entrepreneurs' use of imagery to make business decisions by 0.178 standard deviations. This was measured by an index assessing the frequency of imagery use, enhanced vividness (specificity), and emotional intensity of imagined future business scenarios. However, this effect was limited only to entrepreneurs with an existing business. There was no difference in impact among entrepreneurs without businesses.

Economic Outcomes: Relative to the traditional business skills curriculum, the imagery curriculum increased entrepreneurs' earnings by 0.19 standard deviations before the COVID-19 pandemic and 0.14 standard deviations during the pandemic. Businesses in the imagery curriculum were also more likely to survive the pandemic than businesses in the traditional curriculum.

Gender Differences: Women benefited from the imagery curriculum significantly more than men. Relative to women in the traditional business skills curriculum, women in the imagery curriculum increased their use of imagery by 0.14 standard deviations. The effect was driven by a strong 0.34 standard deviation increase in business-specific imagery. Their heightened use of imagery was due to a joint increase in the imagery curriculum and a decline of imagery in the traditional curriculum. There were no significant differences in imagery use between men in the imagery curriculum and the traditional business skills curriculum.

Differences by Trauma Levels: While both high-trauma and low-trauma entrepreneurs in the imagery curriculum increased their use of imagery, the effect for high-trauma entrepreneurs was twice as high. High-trauma entrepreneurs also had higher uses of business-related and non-business-related imagery. In the imagery curriculum, high-trauma

entrepreneurs increased the vividness of positive imagery relative to low-trauma entrepreneurs. Meanwhile, the traditional curriculum significantly decreased the vividness of positive imagery among high-trauma entrepreneurs relative to the comparison group, suggesting that traditional business training further worsened the quality of positive imagery for people with past traumatic experiences.

Altogether, results suggest that imagery training can successfully assist entrepreneurs in making beneficial business decisions and have stronger economic outcomes. This training can be particularly impactful for women and entrepreneurs with high past trauma.

Sources

1. Bremner, J. D. (2006). Traumatic stress: effects on the brain. *Dialogues in clinical neuroscience*. 8(4): 445.
2. Moya, A. (2018). Violence, Psychological Trauma, and Risk Attitudes: Evidence from Victims of Violence in Colombia. *Journal of Development Economics*. 131: 15-27 and Moya, A. & Carter, M. R. (2019). Violence and the Formation of Hopelessness in Colombia: Evidence from Internally Displaced Persons in Colombia. *World Development*. 113: 100-115.
3. Moya, A., Duryea, S. & González-Velosa, C. (2018). Psychological Trauma, Skills, and Labor Market Outcomes: Evidence from Young Victims of Violence in Colombia. Interamerican Development Bank.

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