

Authors

David McKenzie
World Bank

**Identifying and Spurring High-Growth Entrepreneurship:
Experimental Evidence from a Business Plan Competition***

David McKenzie, *World Bank*

Abstract

Almost all firms in developing countries have fewer than 10 workers, with a modal size of one. Are there potential high-growth entrepreneurs, and can public policy help identify them and facilitate their growth? A large-scale national business plan competition in Nigeria provides evidence on these questions. Random assignment of US\$36 million in grants provided each winner with approximately US\$50,000. Surveys tracking applicants over three years show that winning leads to greater firm entry, more survival, higher profits and sales, and higher employment, including increases of over 20 percentage points in the likelihood of a firm having 10 or more workers.

Keywords: Business plan competition; entrepreneurship; high-growth

JEL codes: O02, M13, L26, C93.

* I thank DFID, the World Bank, the WISME trust fund, and the John Templeton Foundation for funding this study. Halima Zanna and Yawaj Pathak for research assistance, Michael Wong and Andrea Dickie for their work and advice on the operational side of this project, and Mayi Aina and Oluwaseun Olati for their advice on how the program operated in practice. Comments from Lorenzo Casaburi, Giacomo de Giorgi, Antonette Schout and seminar participants at CGD, Columbia, IBS, IBCER, the IPA-SME conference, the NBER, Stanford, Wharton and the World Bank are greatly appreciated. A pre-analysis plan for this work was first registered in the J-PAL hypothesis registry on November 14, 2012, and subsequently in the AEA RCT registry (AEA RCT# 0000078) on September 24, 2013, and in the Registry for International Development Impact Evaluations (RIIDE) on October 10, 2013 (RIIDE STUDY ID: 52599e5a726b). All views expressed are those of the author, and do not necessarily reflect those of the World Bank.

Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition

Almost all firms in developing countries have fewer than 10 workers, with a modal size of one. Are there potential high-growth entrepreneurs, and can public policy help identify them and facilitate their growth? A large-scale national business plan competition in Nigeria provides evidence on these questions. Random assignment of US\$36 million in grants provided each winner with approximately US\$50,000. Surveys tracking applicants over three years show that winning leads to greater firm entry, more survival, higher profits and sales, and higher employment, including increases of over 20 percentage points in the likelihood of a firm having 10 or more workers.

October 28, 2015