

## SDC 2019 Annual Meeting Abstracts

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**Title: Trust and Cooperation within Youth Business Groups forming Sustainable Businesses**



We study recently established youth business groups in northern Ethiopia. The Ethiopian government promotes youth employment among land-poor rural youth by allocating them rehabilitated communal lands for formation of sustainable businesses. The youth have to organize themselves in groups and form a primary cooperative, elect their own board, make their own bylaw and prepare a business plan that has to be accepted by the local government. The typical sustainable production activities that the groups are allowed to invest in include apiculture, forestry, horticulture, and livestock production. Holden and Tilahun (2018) made a census of 740 such youth business groups and found that they to a large extent organized themselves according to Ostrom's Design Principles (Ostrom 1990; 2010) and that group performance was positively correlated with the degree of compliance with the Design Principles. One of the performance indicators was the group leaders' perceived level of trust in the groups. This is a follow up study that has used experimental trust games to assess within-group and out-group trust among youth in addition to survey based measures of individual group member trust. Additional experiments are used to reveal group members' social preferences and perceived obligations to reciprocate as possible explanations for group cooperation and performance. The survey with experiments collecting these data from 2000 youth in 200 youth business groups is being completed in May 2019 and it is therefore not yet possible to provide conclusive findings. However, a pilot study found substantial variation in experimentally measured trust among 119 youth business groups in 2016. With the new survey and experiments in 2019 the plan is to relate the experimental findings to youth group performance based on the youth group panel of 200 youth groups that were also surveyed in 2016.