



## **How reliable are recall data on non-farm household enterprises financial records? Experimental evidence from Malawi**

Talip Kiliç\*

World Bank, Washington, DC, USA – [tkilic@worldbank.org](mailto:tkilic@worldbank.org)

Arthur Shaw

World Bank, Washington, DC, USA – [jshaw@worldbank.org](mailto:jshaw@worldbank.org)

Gero Carletto

World Bank, Washington, DC, USA – [gcarletto@worldbank.org](mailto:gcarletto@worldbank.org)

Heather Moylan

World Bank, Washington, DC, USA – [hmoylan@worldbank.org](mailto:hmoylan@worldbank.org)

Credible data on small and medium size enterprise operations are essential for designing policies that could transform the informal sector as an engine of growth in the developing world. It is only with good quality data that policymakers can gain a better understanding of the constraints that household enterprise surveys face, and how they respond to interventions. Building on previous research from Sri Lanka and India, this paper reports the findings from a randomized household survey experiment that was conducted by the Malawi National Statistical Office to test recall versus diary based approaches to data collection on non-farm household financial records. The experiment was conducted from September to December 2012 in 72 enumeration areas across the cities of Blantyre and Zomba. 6 non-farm self-employed households, following a full household listing, were randomly assigned in each EA to each of the 2 methodological treatments, i.e. recall or diary. Each diary enterprise was visited by an enumerator twice a week to supervise the diary keeping over a 4 week period, while each recall enterprise was visited only once and was administered a recall-based questionnaire for the same period covered by the diary operation in each EA. The experiment allows for the detailed comparison of recall-based data on (i) revenues, (ii) costs, (iii) stock utilization and replenishment, and (iv) labor inputs with respect to their diary based counterparts. The differences are unpacked by enterprise characteristics and manager attributes. Detailed metadata on the quality of diary keeping are used to assess the reliability of diary based data that are taken as the gold-standard. The research also provides insights on the tradeoff between cost effectiveness and data quality, and presents recommendations for the improvement of recall based questionnaires on non-farm household enterprises.

**Keywords:** non-farm microenterprises; financial records; household survey experiment; Malawi; Sub-Saharan Africa.