ACCION OPPORTUNITY FUND | CENTER for FINANCIAL INCLUSION | ACCION

Global Perspectives

A Comparative Study of Small Business Financing in Ghana, Kenya, and Black Entrepreneurship in the United States

What's Inside

Written By:

Jaquetta Graham,
MA, Research Fellow

Joshua Miller,
Ph.D., Vice President,
Research and Policy

Erin Vuong,
Policy Communications
Manager

Graphics:

Wisburg Guerrero,
Creative Design Manager

ACKNOWLEDGEMENTS

Jaquetta Graham
Research Fellow

Accion Opportunity Fund (AOF) is grateful to the generous donors who funded our research and our inaugural HBCU research fellow, Jaquetta Graham, who is working under the mentorship of Dr. Joshua L. Miller, Ph.D., Vice President for Research and Policy. Jaquetta brings a wealth of knowledge to this space as a Ph.D. candidate in Business Administration at Morgan State University, with a research focus on Black and women's entrepreneurship. Following a 6-year enlistment in the United States Navy, Jaquetta received her B.S. in Business Management from Towson University in 2016 and her MBA from Morgan State University in 2019. After obtaining her MBA, Jaquetta received a Fulbright Fellowship to study the social and cultural influences supporting women's entrepreneurial success in Ghana. AOF is grateful for Jaquetta's research efforts, skills, and expertise in this project.

We would like to thank AB Entheos and Necessary Aid Alliance for their partnership in facilitating the studies in Kenya and Ghana, respectively. Their proficiency, knowledge, and working relationships enabled us to collect the relevant data from focus group participants.

We also extend our deepest gratitude to the Center for Financial Inclusion (CFI) and their dedicated team, Edoardo Totolo, Liz McGuinness, Alexandra Rizzi, Nataša Goronja, and Aeriel Emig for providing feedback, research strategies, and relevant background on entrepreneurship in Kenya and Ghana. CFI is an independent think tank housed at Accion working towards the vision of a world where everyone can use responsible financial services to improve their economic well-being. CFI conducts rigorous research and advocates for evidenced-based change to reduce vulnerability and overcome systems-level obstacles that prevent people from fully participating in the economy.

Background

Accion Opportunity Fund (AOF) is excited to partner with Jaquetta and the Center for Financial Inclusion (CFI) to present this research report, which evaluates the capital-access challenges faced by small businesses in Ghana and Kenya and compares those findings to existing research on Black-owned small businesses in the United States.

AOF is a unique small business lender in that it is a non-profit Community Development Financial Institution (CDFI) providing access to capital, coaching, and technical assistance to underserved entrepreneurs throughout the United States. For nearly 30 years, AOF has deployed over $800 million in capital to more than 25,000 entrepreneurs across 45 states, 90% of whom identify as women, people of color, or low-to-moderate income.

Nearly 7,000 small business owners have engaged with us through our coaching, webinars, in-person events, and grant programs in the previous fiscal year alone, with almost 70% identifying as women, African, or African American.

While supporting entrepreneurs through these services is our priority, research like *Global Perspectives* ensures their voices are heard by policymakers, service providers, and philanthropists.

Comparative Perspective for Black-owned Small Businesses

Understanding capital access challenges and solutions for small businesses in Ghana and Kenya is important in its own right, and previous studies have shown that we can use African countries to draw a better understanding of the dynamics of Black-owned small businesses in the United States and Europe.[1, 2] Ghana and Kenya were ideal countries to examine as other studies have shown how small businesses in developing countries like Kenya may have to rely on alternative financing because their entrepreneurs lacked access to collateral, encountered difficult repayment terms, and faced strict underwriting criteria in lending markets. According to these studies, entrepreneurs often turn to grants, leasing, and factoring when loans are not feasible. [3, 4, 5, 6]

These findings are consistent with what Black entrepreneurs have faced in the United States. Black entrepreneurs in the U.S. are significantly less likely to be approved for financing from formal institutions like banks. Lack of access to capital forces them to rely on personal funds, limiting their ability to start, sustain, and scale their small businesses.[7,8] Research has also shown how lack of capital access not only detrimentally affects Black entrepreneurs in the country but the overall American economy.[9] *Global Perspectives* allows stakeholders to draw lessons on how to expand access to capital for Black entrepeneurs in the U.S. using a comparative lens.

RESEARCH QUESTIONS

Global Perspectives builds on existing literature on entrepreneurship across Ghana, Kenya, and the U.S. and contributes to the policy discussion by bringing together small business owner focus groups in Ghana and Kenya. We sought to answer four main questions:

What challenges do small business owners in Ghana and Kenya encounter when applying for financing from formal institutions like banks?

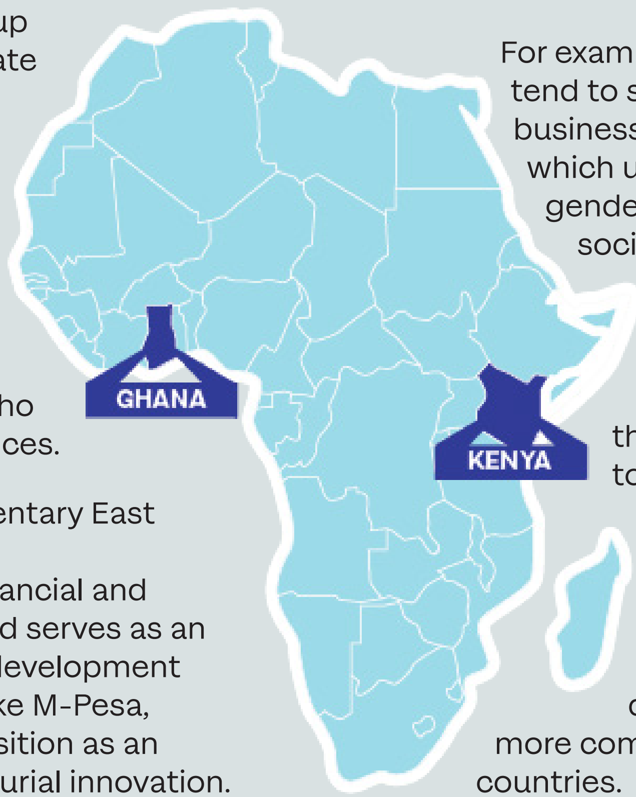
What role do alternative and digital financing solutions (e.g., factoring, grants, venture capital, savings clubs) play in mitigating those challenges?

Are there any gender-specific business dynamics that pose challenges for women-owned small businesses in gaining access to capital and/or starting and growing their small businesses?

How do these findings compare to existing research on Black-owned small businesses in the United States?

Ghana and Kenya

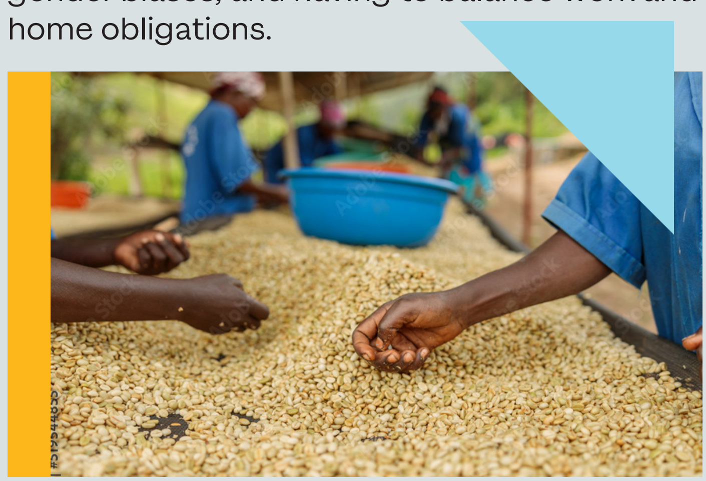
Ghana and Kenya were selected as the study's research areas because of the unique social and cultural influences within their economic and entrepreneurial environments. Ghana has often been touted as having a progressive economy that is among the fastest-growing in West Africa due to its policies and prevalence of small and medium- size enterprises (SMEs). Similarly, small and medium-size businesses in Ghana make up about 70% of their GDP, create jobs for youth, and reduce unemployment.[10] Informal business owners in Ghana have more access to non- bank resources (69% versus 27% who use banks), whereas formal business owners are more evenly divided (46% who use non-bank financial services.



Kenya provides a complementary East African viewpoint, as it is a country renowned for its financial and technological innovation and serves as an example of the successful development of mobile money services like M-Pesa, highlighting the nation's position as an African leader in entrepreneurial innovation. Moreover, USAID estimates Kenya has over 6.5 million registered and unregistered small businesses.[12] In fact, most citizens in both countries use or have close access to mobile money—where they can transfer funds, make payments, save, or borrow on their mobile phones. About 81% of Kenyans have a mobile money account, and 92% of Ghanaians in urban centers (and 76% of Ghanaians in rural areas) are within 30 minutes of an agent.[13, 14]

Small businesses in Ghana and Kenya were also selected because female entrepreneurship in these countries presents unique opportunities and challenges that reflect both global patterns and country-specific circumstances. While this study focuses on entrepreneurship broadly, it pays particular attention to the fact that there are often vast differences in experiences for women and men entrepreneurs.

For example, women in Ghana tend to start very small, unofficial businesses out of necessity, which underscores both gender-specific and wider socioeconomic challenges.[15] This parallels the experiences of female entrepreneurs in Kenya, who also usually start their own businesses to survive.[16] In contrast, female entrepreneurship in the US is often opportunity-driven and reflects distinct socio-economic dynamics that are more common in developed countries. Nevertheless, women have comparable obstacles in all three regions, such as disparities in access to capital, gender biases, and having to balance work and home obligations.

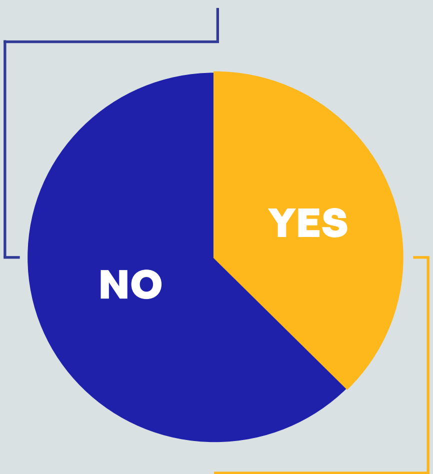


We asked focus group participants if they ever applied for traditional business financing (bank loans, venture capital, etc.)

Of the 102 total business owners surveyed, 39 business owners (38%) had explored traditional financing options, while 63 business owners (62%) had not. This distribution was fairly balanced between 20 men and 19 women.

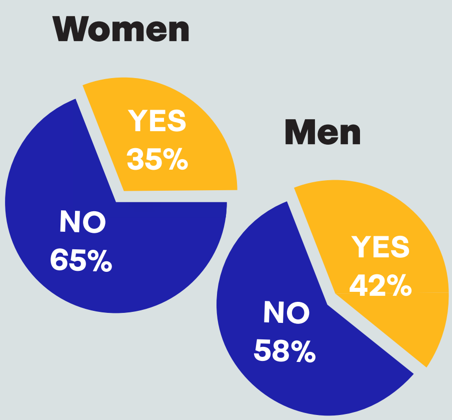
had not applied for traditional financing options

62%



38%

had applied for traditional financing options

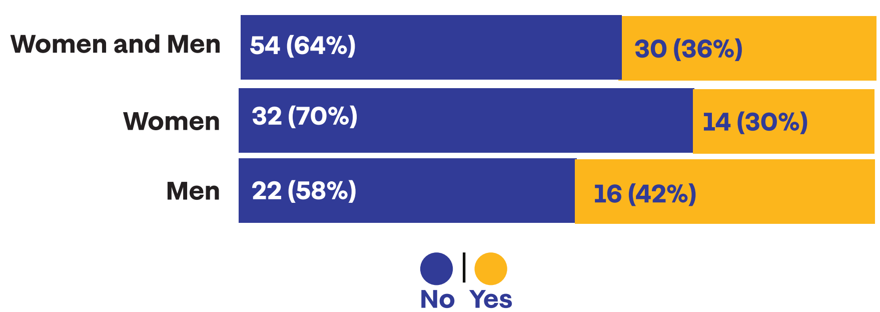


Seeking Formal Financing in Ghana and Kenya

Before convening smaller focus groups in Ghana and Kenya, we asked 102 survey respondents—84 in Ghana and 18 in Kenya—if they ever sought formal financing.

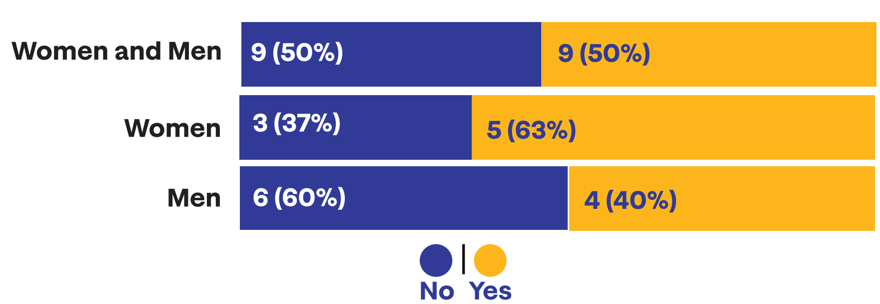
In Ghana, out of 84 small business owners, a majority (64%) did not seek formal financing. Between the genders, 70% of women and 58% of men in Ghana had not sought formal business financing. This may be indicative of challenges to obtain formal financing or a preference for alternative funding sources, as well as potential gender disparities in access to formal financial services.

Ghanaian small business owners were asked "Have you sought traditional financing?"



The response size in Kenya was much smaller with 18 respondents. 50% of the respondents applied for formal financing. There was not a significant difference between men and women when it came to applying for financing from banks. Still, half of the respondents did not apply to formal institutions, again pointing to a potential preference for funding their small businesses using alternative sources.

Kenyan small business owners were asked "Have you sought traditional financing?"



Additional data and insight on our survey and focus group participants can be found after the Methodology section.

Barriers to Accessing Formal Financing in Ghana and Kenya

Focus group participants—20 in Ghana and 17 in Kenya—encountered challenges as they tried to gain access to capital from formal institutions like banks.

1. They lacked sufficient revenue funds or collateral.
2. Banks offered unfavorable repayment terms like high interest rates and short repayment requirements.
3. They lacked improper or inadequate registration or documentation of business practices.

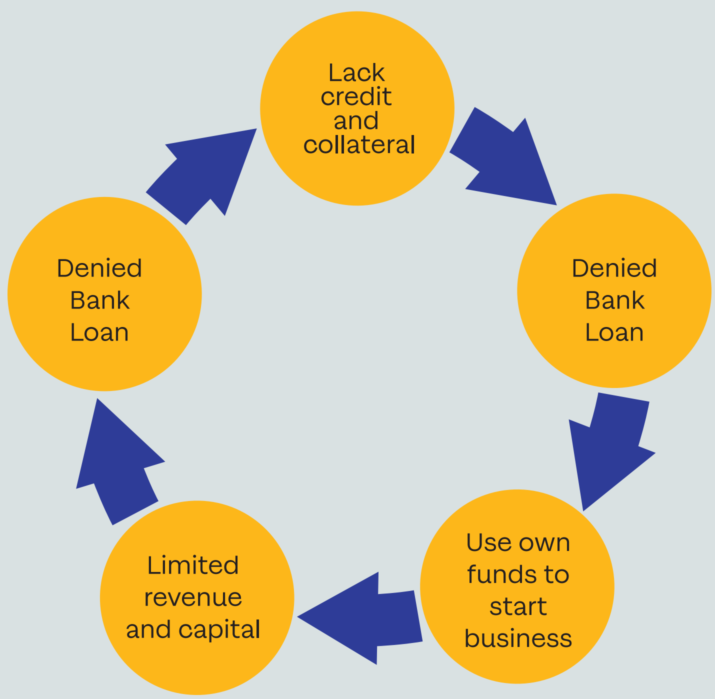
The participants' answers point to the underlying challenges of supporting small businesses overall, especially in developing countries like Ghana and Kenya. Across Ghana, only 5% of both formal and informal business owners receive capital from banks. On the other hand, access to non-bank (mobile money) and informal (savings groups and similar) resources more than doubles among Ghanaian entrepreneurs, with 17% of formal business owners accessing these resources and 11% of informal business owners as well.[17] 33% of small business owners in Kenya cite credit access as the main challenge for their businesses.[18]

Small businesses in these countries are important contributors to their families and communities but may not have sufficient revenue and collateral to meet a bank's underwriting criteria. One Ghanaian entrepreneur lamented that requirements for a business loan were too difficult to meet, making it "basically impossible for a startup to raise money."

This economic reality creates a vicious cycle:

Business owners do not have enough revenue to get financing. The lack of financing limits their ability to scale, grow and contribute to their communities. Their inability to scale and grow will limit their future revenues, making it impossible for them to get a loan in the future.

Participants also reported that banks may have very stringent repayment requirements that have quick repayment terms. Another Ghanaian entrepreneur told us of a lender that wanted full repayment within two months. A small business that is in the process of building out its operations cannot always afford to pay back the loan on a quick turnaround. In these instances, quick repayment terms could be harmful to the small business.



When denied a business loan, small business owners can find themselves in an unsustainable cycle where they must rely on personal finances to fund their businesses. In doing so, their finances can become overextended, leading to further rejections from bank lenders as a result of their debt and depleted savings.

Barriers to Growth for Women-owned Businesses

In addition to focusing on capital access issues among focus group participants, this research aimed to understand if any specific gender dynamics made it particularly challenging for women entrepreneurs to start and grow their businesses. According to the 2021 FinAccess Household Survey in Kenya, women in the country rely more on social networks to finance their businesses than men who tend to rely on more formal sources, like mobile money.[19]

Women in the focus groups were more likely to have unlicensed businesses. While men register their businesses no matter how small, women more often choose to register their businesses as they grow. This can have a significant impact on their ability to access capital. One woman in Ghana mentioned that she could not register her business because the country has "so many procedures you have to go through."

Women also face stiffer competition as they tend to be within the same industry, especially those with low barriers to entry, such as beauty or food. Women may gravitate to these industries because certain industries like tech may have additional barriers and may not account for women's unique role in managing their family's household. Moreover, in these industries, women can start their small businesses from their homes, allowing them to manage both their personal and professional obligations. Given these reasons, this leads to stiff competition which often further squeezes profits and growth.

The women also reported unique challenges related to lacking technical assistance and limited access to mentors and advisors, making it more difficult to register their businesses and navigate lengthy loan applications.

One focus group participant recommended there should be conferences for women at least twice a year for networking and knowledge exchange. Another participant shared that the Ghana Enterprises Agency was a good example and is working to train women "with regards to pricing, branding, and certifying their products."

A focus group participant in Kenya emphasized that mentorship and training is difficult for women as they "handle both family and work matters." For example, some in-person programs do not allow women to bring their children, leaving little availability for mothers to get the training they need. This statement indicates that the needs for some women are not being met because the availability of technical assistance does not account for cultural and family dynamics. Other programs offer the solution of allowing women to bring their children with them, even offering dedicated spaces for nursing mothers.

Alternative Financial Solutions

Digital Tools

All the challenges the focus group participants had in accessing financing from banks led them to rely on alternative financing solutions, generally offered through digital tools like mobile apps. Digital tools like mobile phone apps and alternative financing solutions together offered entrepreneurs in Ghana and Kenya access to capital that they would not otherwise obtain.

The Kenyan government recently launched a digital tool called the Financial Inclusion Fund (or Hustler Fund), which aims to provide access to credit among Kenyan entrepreneurs through the use of text messaging or mobile apps. One participant applauded the program, saying that the Hustler Fund is ***"so simple and comes in handy when you are stuck."***

The most common alternative financing solutions included services like factoring and merchant cash advances (MCAs). The main benefit of these alternative financing solutions in Ghana and Kenya is their accessibility and favorable underwriting criteria, especially for people without official business documentation or an established credit history.

Furthermore, the lending process is generally less bureaucratic and time- consuming, allowing small business owners to gain access to capital without the lengthy process that occurs with banks. The participants also noted that they enjoyed the simplicity, privacy and lack of collateral requirement.

"It's free. No collateral. Easy to access. They also don't look at the risk involved. Once they know you can pay, you are eligible to take the amount you want."

-Male Ghanian Entrepreneur

Informal Savings Groups

The participants also discussed the importance of informal savings groups, such as table banking or Rotating Savings and Credit Associations (ROSCAs). ROSCAs are group-based funding systems where members of a group make weekly or monthly contributions, which then become available at certain cycles for business financing. These informal savings groups offer more manageable access to finance with lower or no interest rates and is particularly attractive for women, who generally have greater disparities in access to financial resources.[20, 21] As such, these networks allow women to circumvent the barriers that formal financial institutions generally present and access the capital necessary for personal and community development.

Despite the benefits, there are challenges and risks associated with savings groups. The loan amounts available are often insufficient to meet the needs of all the participants.[22]

Due to the informal nature of such groups, there is a lack of regulatory oversight that offers security with formal financial institutions.[23] This can expose savings group members to the potential risk of funds mismanagement and fraud.[24] Additionally, groups that operate using a physical cash box to store the pooled savings run the risk of theft.

> **"So right now if I need anything, from family members or one or two friends, then I just go to them and then get something for myself."**
>
> - Female Ghanaian Entrepreneur

An entrepreneur pitching their business at the Accion Opportunity Fund and Samuel Adams *Brewing the American Dream* competition.

Pitch Competitions

Another source for financing for the participants, especially the women in the group, came from pitch competitions. Focus group participants said that these contests could allow women to present their business concepts to a broader range of people, including possible investors who might not usually be reachable because of institutional or societal obstacles. Moreover, pitch competitions provide an organized setting where the value of their business ideas can be acknowledged, thus leveling the playing field in societies where women may encounter greater difficulties in building credibility.

These events also act as a gateway for women to gain access to resources, networks, and mentorship that could otherwise be biased toward male entrepreneurs. Interestingly, focus group participants said that pitch competitions may offer women an advantage due to higher encouragement to participate and requirements for businesses to have a certain percentage of female ownership.

"There's this growing trend where organizations or people who are into maybe funding, giving grants, pitch competitions, and all that, they kind of favor the female gender and it's in a bid to encourage us to participate more in these things." - Female Ghanaian Entrepreneur

I always thought these pitch competitions have now become, it should be debatable, but it's favoritism to the ladies alone. You realize you go in without a lady and you lose it. When you go as a man, most often you lose it. But when you go with a lady, you gain the grants."

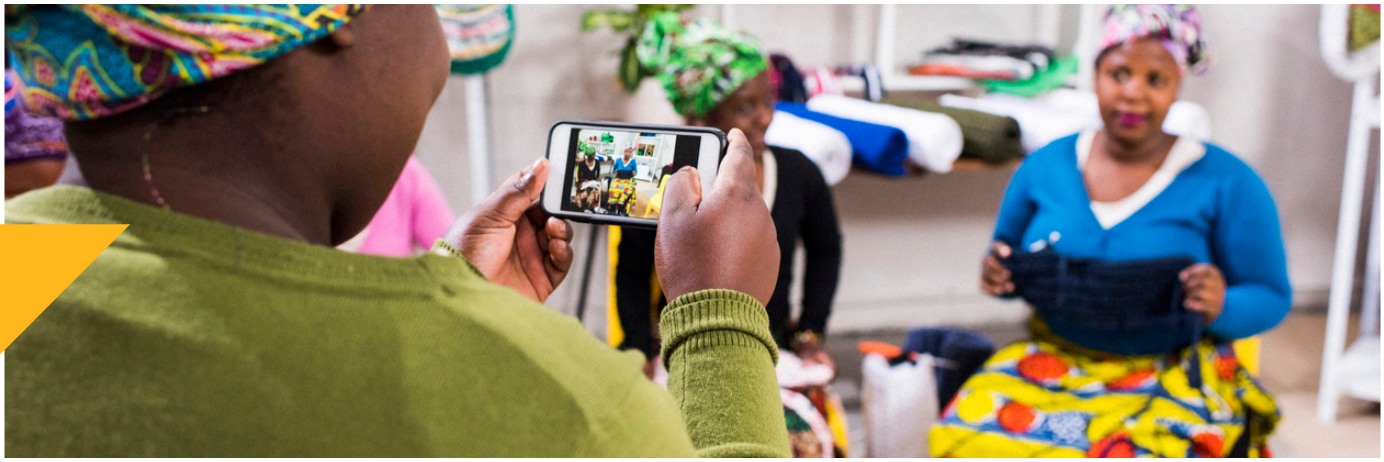
- Male Ghanaian Entrepreneur

Disadvantages to Alternative Financing and Digital Tools

The participants also highlighted the disadvantages of using alternative financing solutions. They noted that MCAs and factoring could lack transparency about high-interest rates and have very quick repayment timelines, often leading to penalties and default. The participants also acknowledged that these options can lack security and have the potential for scams.

"My experience has been with [an online banking provider]. The funds are very limited and the interest rates are high."

- Male Ghanaian Entrepreneur



"I found out about alternative financing from TV. It was an advertisement on TV: quick credit. However, the time frame to pay back the loan was within a week. It was very difficult. I needed the money desperately."

- Male Ghanaian Entrepreneur

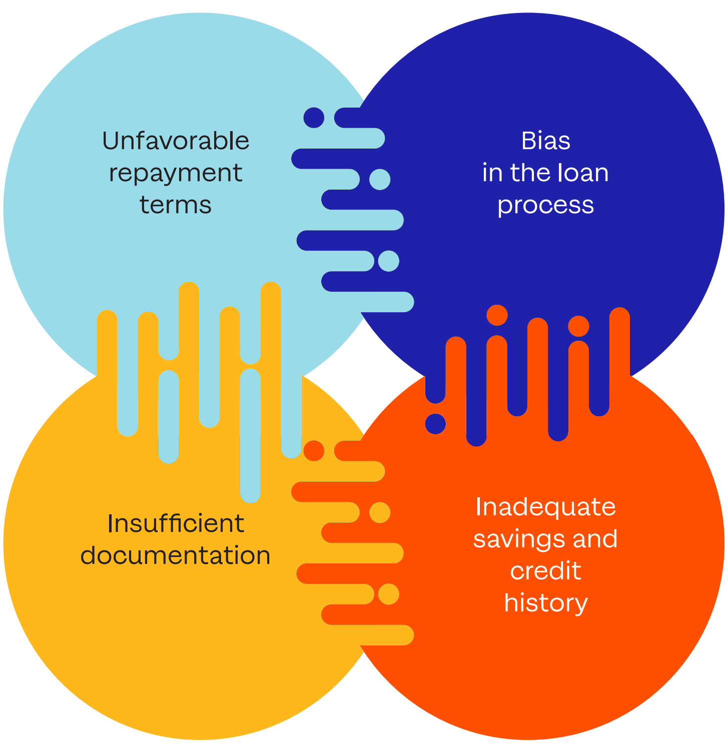
Comparative Perspectives

Given the insights gleaned from the Ghanaian and Kenyan focus groups, we look to compare their experiences and recommendations with those of Black small business owners in the U.S.

Capital Access Barriers for Black-owned Small Businesses

Just like the participants in Ghana and Kenya, U.S. Black-owned small businesses lack access to capital from formal institutions like banks. A recent Federal Reserve study reported that half of the Black entrepreneurs surveyed stated that their funding needs were unmet compared to 27% for white entrepreneurs.

Similarly, only 14% of Black-owned small businesses received all the funding they requested in their loan application, according to the Federal Reserve.[25] According to Third Way, one of the reasons Black-owned small businesses are not approved for small business financing is "stringent underwriting criteria," similar to the ones reported by focus group participants.[26] Other studies have shown that Black entrepreneurs often lack the collateral to secure business financing.[27]



Challenges for Black Women-owned Small Businesses

The findings in Ghana and Kenya are consistent with the research on Black women-owned small businesses in the U.S. A recent AOF study on Black women entrepreneurs revealed a need for mentors and technical assistance for Black women.[28] Specifically, they needed mentors who understood their industry and could also relate with the socioeconomic challenges of being a Black woman business owner. Similarly, Black women struggled to gain access to capital, and when they did get financing, it often carried higher interest rates.[29]

Black-owned Small Businesses and Alternative Financing

Alternative financing solutions can provide comparable benefits, like more lenient approval requirements, to Black business owners in the U.S. who are often turned down by traditional lenders.[30] Still, the drawbacks—which include extremely high fees, daily or weekly payment plans, predatory collection practices, and more—present significant threats to a business's ability to maintain a stable financial position. AOF's 2016 "Unaffordable, Unsustainable" study, which investigated repayment terms for Merchant Cash Advance providers in the U.S., revealed that small business owners were paying on average an undisclosed APR of 94%, reaching as high as 350%, for those financing products.[31] When repayment terms are not transparent or difficult to understand, these products can be financially disastrous to businesses with limited cash flow. For Black business owners, this is a particularly concerning risk as communities of color in the U.S. are often targeted by predatory lenders in the mortgage and consumer finance industries.[32, 33] As it stands, there is currently no federal truth-in-lending law that requires financial institutions to disclose rates and terms on commercial products.

Black Entrepreneurs and Informal Savings Groups

While widespread in Africa and other developing parts of the world, informal savings groups are uncommon among Black-owned small businesses in the United States. As a largely trust-based approach to financing, these efforts could operate under the shared understanding that some regulation and oversight would be necessary to prevent any occurrences of funds mismanagement by group members. Creating more sustainable alternative financing options is a crucial step in resolving the difficulties business owners encounter in obtaining funding.

Black Entrepreneurs in American Pitch Competitions

While there is not enough substantial research available on the role of pitch competitions—either in the form of grants or venture capital—in expanding access to capital to Black-owned small businesses, anecdotes and testimonies suggest they can be valuable for underrepresented entrepreneurs. Opportunities to raise capital that prioritize the experience of the entrepreneur, the business idea or model, or other merits besides credit history or collateral can be advantageous for Black business owners. Furthermore, privately-held competitions can be customized to target business owners of color or women or the industries in which they are most predominant. For example, AOF—in partnership with Samuel Adams, the flagship brand of the Boston Beer Company—offers a pitch competition where food and beverage entrepreneurs can win a $10,000 business grant. These entrepreneurs also receive opportunities for coaching, technical assistance, and other services. The National Basketball Association Foundation also holds an annual pitch competition.

These programs can serve alongside formal and alternative financing solutions to help underrepresented entrepreneurs at different stages of business growth. Still, pitch competitions can never be the sole solution to resolving funding disparities because biases also exist in this realm, particularly with venture capital.[34, 35, 36] Therefore, the benefits of pitch competitions may vary.

Despite these biases, pitch competitions, especially those that provide grants for the winners or are focused on attracting women and people of color, would be a good step toward erasing biases and inequities.

Recommendations: Expanding Access to Responsible Capital in the United States

In both Ghana and Kenya, small business owners have explained that they often must rely on alternative financial solutions, such as mobile money accounts and informal savings groups, to overcome barriers to formal channels of financing for their business. These alternatives offer crucial access to funds without the strict limitations and lengthy processes that characterize traditional financial institutions. By gleaning insights from best practices in alternative financing options elsewhere, we may enable Black entrepreneurs, particularly Black women, to obtain the capital they need by tapping into alternative financing options domestically.

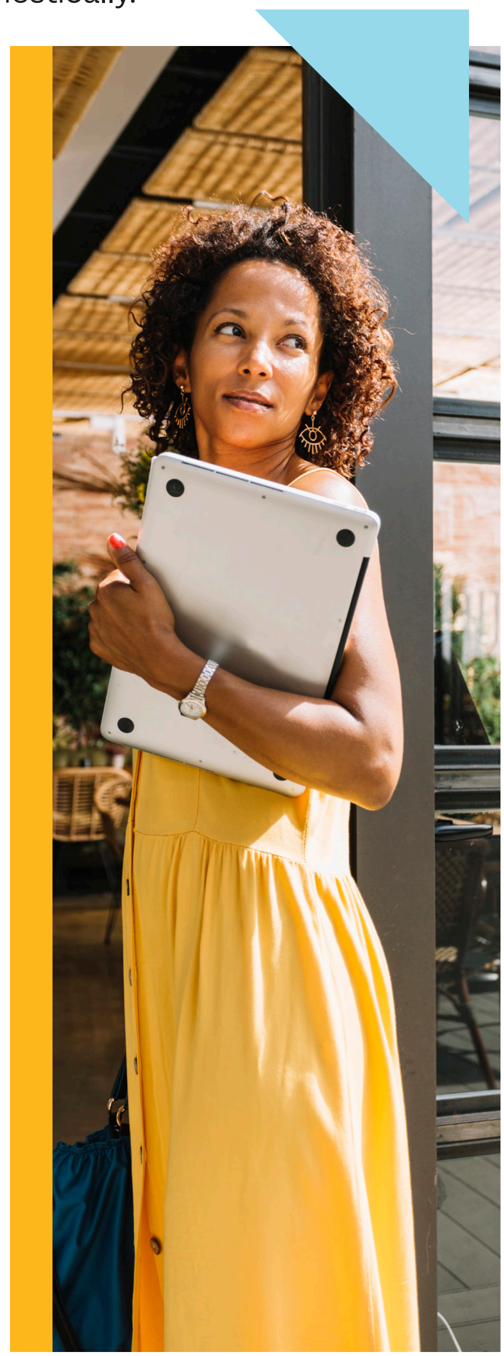
Responsible and Fair Alternative Financing Options

Access to alternative financing options allows for greater access to capital for historically underserved small business owners, but they must come with some level of regulatory protection for small businesses inthe United States. Today, there are no federal requirements for commercial lenders in the U.S. to disclose terms, fees, and other pricing information to borrowers. These regulations should include transparency in loan terms, mechanisms to hold predatorylenders accountable, and other protections. These protections would encourage MCAs and factoring companies to offer the unique benefits of their services clearly and transparently. In particular, these financial products should disclose an estimated annual percentage rate (APR) which provides a uniform metric for small business owners to compare financing costs.

Reputable Lenders in the Digital Financing Space

To balance the reliance on alternative financing solutions, it is imperative that responsible lenders begin offering products that can compete with the speed and flexibility of online or digital lenders in the United States.

Given the popularity and success of mobile banking in Ghana and Kenya (87% of adult Ghanaians use mobile money accounts along with 81% of adult Kenyans), a mobile-first approach could benefit U.S. Black-owned businesses by providing more accessible lending and credit services to business owners.[37, 38] While mobile banking is growing in the U.S., international models of mobile-first financial solutions, like M-Pesa in Kenya, could offer insights for creating new and improved existing mobile financial options.



Ease Loan Criteria with Public-Private Partnerships

To further address the challenge of stringent loan requirements for startup business owners, lenders in United States would benefit from public-private partnerships. The U.S. government has already put forth public-private partnerships through programming like the State Small Business Credit Initiative, which provides lenders with insurance or guarantees that protect them in case of default. In turn, lenders can ease their underwriting criteria, providing capital to small business owners who would otherwise not qualify. By allowing lenders to take on more risk, these partnerships have expanded access to capital to under-resourced Black- owned businesses without requiring the government to become a lender itself. Additionally, lenders in the U.S. should explore the benefits of (and learn from the challenges of) similar microfinancing initiatives that exist overseas, such as Kenya's Hustler Fund which uses a bottom- of- the-pyramid strategy to offer financing opportunities specifically to small business owners who struggle to secure traditional financing.

Tailored Financial Services and Products for Women Entrepreneurs

To ensure that female entrepreneurs have the tools necessary to succeed, it is imperative that they have access to sustainable alternative financing options. Peer-to-peer lending websites, crowdfunding sites, and community-based lending circles are a few examples of these options. These substitutes may provide more accommodating terms, reduced rates, and increased accessibility to a wider pool of possible investors as well as business partners with whom women can exchange knowledge and resources. Additionally, regulated programs, such as Kenya's Hustler Fund, were identified as beneficial solutions which increased the accessibility of funding, along with reducing the barriers to access such funding.

Women-Focused Mentorship and Training

To support alternative financing options, more mentoring and training elements should be tailored to the unique needs of entrepreneurs who are women or mothers as well, similar to the breastfeeding accommodations that were identified in a training program in Ghana. As we found in previous research, there is a demand among Black women entrepreneurs in the U.S. for mentors that are similar not only in industry but socioeconomic background as well.[39]

Service providers should seek to diversify their business coaches to reflect this growing demographic of entrepreneurs and offer programming that is particularly amendable to the schedules of mothers or caregivers.

Pitch Competitions

While pitch competitions cannot wholly compensate for the lack of financial inclusion for under-resourced small businesses, they can be an important tool for helping entrepreneurs access capital and services. Research has also shown that practice and training with pitching can help founders develop other skills besides pitching itself. Entrepreneurs benefit from talking about their businesses, honing their business strategies, and promoting their products.[40] Therefore, private sector actors, and the extent that the public sector can be involved, should expand pitch competitions in the United States, focusing primarily on uplifting underrepresented groups.

Methodology

To facilitate distribution of the survey, local nonprofit organizations which provide support to entrepreneurs in Ghana and Kenya were contacted to disseminate the Qualtrics survey link. The survey contained 27 questions regarding the business owner and their business, their experience with traditional and alternative financing, and their experience with digital tools. Kenyan survey responses were collected between October 2, 2023 - October 22, 2023. Ghanaian survey responses were collected between September 2, 2023 - October 22, 2023.

Through the assistance of these organizations and the encouragement for the respondents to share the survey link within their networks, we were able to collect basic demographic information from 102 respondents with completed surveys.

Those usable survey responses allowed us to see the experiences they had with traditional and alternative financial solutions as well as digital technologies. We then invited participants with various experiences in either of the financing solutions to participate in in-person focus groups, two in Kenya and four in Ghana (grouped according to gender), so we could gain further insight via follow-up questions which provided additional context to their pre-survey responses.

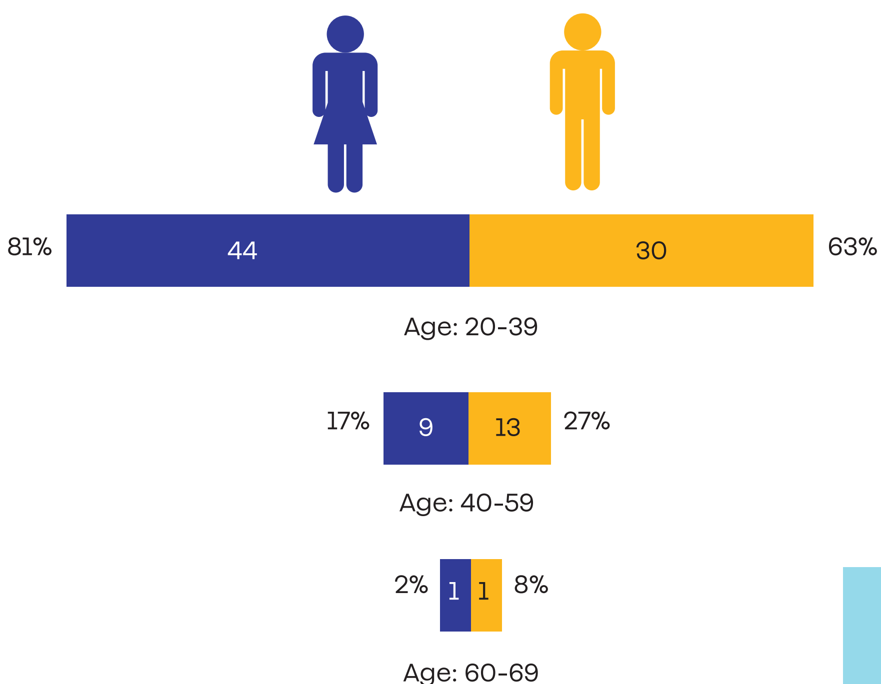
The focus groups were held in-person at a physical location in each of the countries and conducted by AB Entheos and Necessary Aid Alliance, research facilitators familiar with the entrepreneurship landscape in their region, 17 individuals (8 men and 9 women) participated in Kenya, and 20 (11 men and 9 women) participated in Ghana.

Focus group proceedings were recorded and transcribed for the purpose of analyzing results to identify patterns and extract direct quotes from participants.

Additional Information on Research Participants

102 survey respondents—84 in Ghana and 18 in Kenya—were the subjects of our small business survey. The demographic and socioeconomic characteristics of focus group participants may have some influence on the types of businesses they pursue, their perception of capital access issues, and the resources they may have access to overcome these barriers. For example, over 75% of participants were under age 40, with women making up 60% of participants.

Age Distribution of Focus Group Participants in Ghana and Kenya*

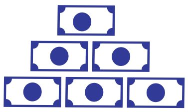


*One participant did not respond.

Business Income

Monthly business revenues for Kenyan participants are 1.4x those of Ghanaian participants.

Kenya

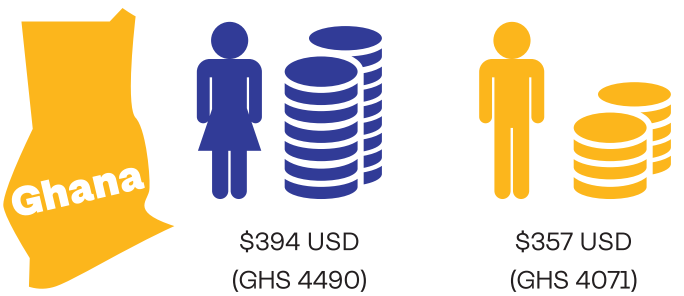


$511 (KES 76006)

Ghana

$378 (GHS 4315)

Women's monthly revenues are slightly greater than men's in Ghana, while men have higher revenues than women in Kenya.



$394 USD
(GHS 4490)

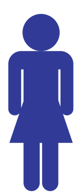
$357 USD
(GHS 4071)

$538 USD
(KES 79910)

$479 USD
(KES 71125)

Collectively, there is little difference in monthly revenues between male and female entrepreneurs.

Ghana & Kenya



$448USD
(GHS 5110, KES 66573)

$436USD
(GHS 4973, KES 64790)

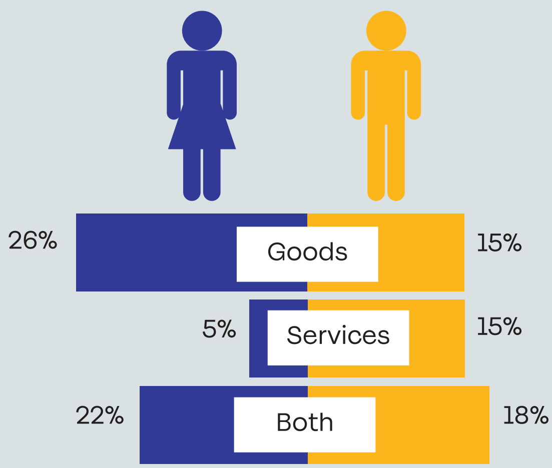
*Revenues reflect average monthly amounts for respondents' businesses and have been converted into USD from Ghanaian cedis (GHS) and Kenyan shillings (KES) based on the conversion rate at the time of survey completion.

The average monthly business income for the survey participants in Ghana was significantly higher the overall monthly salary income for the country. The average monthly income in Ghana is $157 while our participants averaged nearly $378 a month, or 4,315 Ghanaian cedis (GHS). This is likely due to the fact that our participants were located in the urban area of Accra.

The average monthly business income of our Kenyan survey participants was also significantly higher at $511 a month, or 76,006 Kenyan shillings (KES), compared to the national monthly average of $157 a month.

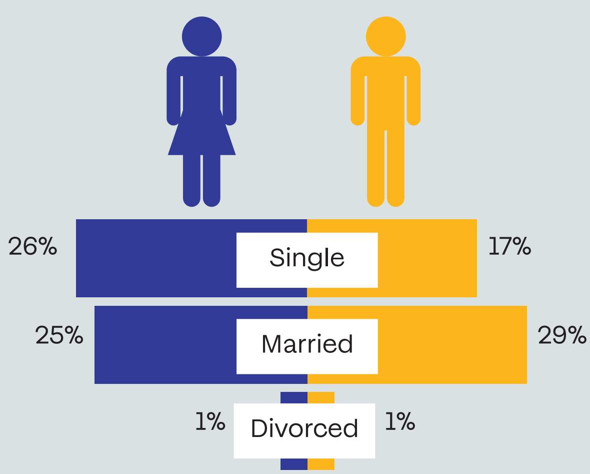
Business Type

Bussines Types of Ghanaian and Kenyan Business Owners



Marital Status

Marital Stats of Ghanaian and Kenyan Business Owners



Moreover, the majority of the focus group participants are married with some level of college education, especially in Ghana. This speaks to the overall socioeconomic dynamics of this focus group, and forms the context for their experiences accessing capital.

Education

Education Levels of Ghanaian Business Owners

Education Level	Women	Men	Total
Primary School	1	0	1
Junior High School (JHS)	1	3	4
Senior High School (SHS)	10	7	17
Vocational School	2	1	3
Higher National Diploma (HND)	1	2	3
Partial University	1	0	1
University	30	25	55
Total	46	38	84

Ghanaian primary school runs six years, junior high school three years, and senior high school three years. A Higher National Diploma (HND) is awarded upon completion of a three year vocational curriculum.

Education Levels of Kenyan Business Owners

Education Level	Women	Men	Total
Primary School	5	1	6
Secondary School	1	6	7
University	2	3	5
Total	8	10	18

Kenyan primary school runs eight years and secondary school runs four years.

Endnotes

1. Ofori-Dankwa, Joseph, and K. B. Omane-Antwi. Comparative Case Studies on Entrepreneurship in Developed and Developing Countries. 2015, https://doi.org/10.4018/978-1-4666-7533-9.
2. Owuondo, Joseph. “A Comparative Study of Entrepreneurial Education and Startup Ecosystems: United States vs. Kenya.” SSRN, Sept. 2023, https://doi.org/10.51244/IJRSI.2023.101011.
3. Survey Report on Alternative Finance for MSMEs. Alliance for Financial Inclusion, Dec. 2020, https://www.afi-global.org/wp-content/uploads/2021/01/AFI_MSMEs_survey-report_AW_digital_0.pdf.
4. Kuwono, Franck. “Alternative Financing Strategies to Boost Small Businesses in Africa.” Africa Renewal, Nov. 2017, https://www.un.org/africarenewal/magazine/august-november-2017/alternative-financing-strategies-boost-small-businesses-africa.
5. Maina, Kiragu, et al. SME Solutions Center—Kenya: Developing Alternative Financing Solutions for Small and Medium Enterprises. World Bank, 2010, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/295261468285022166/sme-solutions-center-kenya-developing-alternative-financing-solutions-for-small-and-medium-enterprises.
6. Serwaa Attrams, Afia, and Makgopa Tshehla. Alternative Financing for SME’s: A Case of the Service Sector in Ghana. 5th International Conference on Business, Management and Finance, Aug. 2022, https://www.dpublication.com/wp-content/uploads/2022/08/51-1400.pdf.
7. Empowering Excellence: Building Ecosystems for Black Entrepreneurs. Accion Opportunity Fund, Sept. 2023, https://aofund.org/news/empowering-excellence-building-ecosystems-for-black-entrepreneurs-legalzoom-report/.
8. Ibid.
9. Perry, Andre, et al. Black-Owned Businesses in U.S. Cities: The Challenges, Solutions, and Opportunities for Prosperity. The Brookings Institute, 14 Feb. 2022, https://www.brookings.edu/articles/black-owned-businesses-in-u-s-cities-the-challenges-solutions-and-opportunities-for-prosperity/.
10. Adjabeng, Francis, and Francis Osei. “The Development of Small Medium Enterprises and Their Impact on the Ghanaian Economy.” Open Journal of Business and Management, vol. 10, no. 6, 2022, https://doi.org/10.4236/ojbm.2022.106145.
11. The Official Ghana Demand Side Survey 2021. Government of Ghana Ministry of Finance, 2021, https://finmark.org.za/Publications/Ghana_Demand_Side_Survey.pdf.
12. Small Business Development Centers: Kenya. U.S. Agency for International Development, 3 Apr. 2023, https://www.usaid.gov/kenya/document/small-business-development-centers.
13. “2021 FinAccess Household Survey.” FinAccess, Kenya National Bureau of Statistics, Dec. 2021, https://finaccess.knbs.or.ke/home.
14. The Official Ghana Demand Side Survey 2021. Government of Ghana Ministry of Finance, 2021, https://finmark.org.za/Publications/Ghana_Demand_Side_Survey.pdf.
15. Atiase, Victor Yawo, and Dennis Yao Dzansi. “Microfinance and Necessity Entrepreneurship: The Ghanaian Experience.” Societal Entrepreneurship and Competitiveness, Emerald Publishing Limited, 2019, pp. 155–70, https://doi.org/10.1108/978-1-83867-471-720191011.
16. Chirchir, Joyce Chepkorir. Factors Influencing Entrepreneurial Motivation of Women Entrepreneurs in Kenya: A Survey of Selected Microfinance Institutions in Nairobi. Kenya Methodist University, 2020, http://repository.kemu.ac.ke/bitstream/handle/123456789/908/JOYCE%20CHEPKORIR%20CHIRCHIR%20THESIS.pdf?sequence=1&isAllowed=y.
17. The Official Ghana Demand Side Survey 2021. Government of Ghana Ministry of Finance, 2021, https://finmark.org.za/Publications/Ghana_Demand_Side_Survey.pdf.
18. “2021 FinAccess Household Survey.” FinAccess, Kenya National Bureau of Statistics, Dec. 2021, https://finaccess.knbs.or.ke/home.
19. Ibid.
20. Aidoo-Mensah, Daniel. “Savings Preference of Rural Households: Empirical Evidence from Tomato Farmers in Ghana.” African Journal of Economic and Sustainable Development, vol. 7, no. 3, 2020, pp. 236–55, https://www.inderscience.com/offers.php?id=105687.
21. Johnson, Susan, and Froukje Krijtenburg. “Upliftment’, Friends and Finance: Everyday Exchange Repertoires and Mobile Money Transfer in Kenya.” Journal of Modern African Studies, vol. 56, no. 4, Dec. 2018, https://doi.org/10.1017/S0022278X18000435.
22. Oranu, Chizoba Obianuju, Ogochukwu Gabriella Onah, and Elizabeth Nkhonjera. “Informal saving group: A pathway to financial inclusion among rural women in Nigeria.” Asian Journal of Agricultural Extension,

23. Survey Report on Alternative Finance for MSMEs. Alliance for Financial Inclusion, Dec. 2020, https://www.afi-global.org/wp-content/uploads/2021/01/AFI_MSMEs_survey-report_AW_digital_0.pdf.
24. SEEP Network. Digital Savings Groups. SEEP Network, April 20, 2020. https://seepnetwork.org/files/galleries/SEEP_Digital-Savings-Groups_20200420.pdf.
25. 2022 Report on Firms Owned by People of Color: Based on the 2021 Small Business Credit Survey. 2022. Federal Reserve Banks, https://www.fedsmallbusiness.org/reports/survey/2022/2022-report-on-firms-owned-by-people-of-color.
26. Five Reasons Minority Borrowers Can't Access Capital. Third Way, 28 Sept. 2022, https://www.thirdway.org/report/five-reasons-minority-borrowers-cant-access-capital.
27. Robb, Alicia. Minority-Owned Employer Businesses and Their Credit Market Experiences in 2017. Small Business Administration, 22 July 2020, https://advocacy.sba.gov/wp-content/uploads/2020/07/Minority-Owned-Employer-Businesses-and-their-Credit-Market-Experiences-in-2017.pdf.
28. Empowering Excellence: Building Ecosystems for Black Entrepreneurs. Accion Opportunity Fund, Sept. 2023, https://aofund.org/news/empowering-excellence-building-ecosystems-for-black-entrepreneurs-legalzoom-report/.
29. "Training Entrepreneurs." VoxDevLit, vol. 1, no. 3, Sept. 2023, https://voxdev.org/sites/default/files/2023-11/Training_Entrepreneurs_Issue_3.pdf.
30. 2022 Report on Firms Owned by People of Color: Based on the 2021 Small Business Credit Survey. 2022. Federal Reserve Banks, https://www.fedsmallbusiness.org/reports/survey/2022/2022-report-on-firms-owned-by-people-of-color.
31. Unaffordable and Unsustainable: The New Business Lending. Accion Opportunity Fund, May 2016, https://aofund.org/app/uploads/2021/03/Unaffordable-and-Unsustainable-The-New-Business-Lending-on-Main-Street_Opportunity-Fund-Research-Report_May-2016.pdf.
32. Sarra, Janis, and Cheryl L. Wade. "Predatory Lending Targeted African Americans." Predatory Lending and the Destruction of the African-American Dream, Cambridge University Press, 2020, pp. 69–115, https://doi.org/https://doi.org/10.1017/9781108865715.005.
33. Cyrus, Ramenda. "Predatory Lending's Prey of Color." The American Prospect, June 2023, https://prospect.org/economy/2023-06-05-predatory-lendings-prey-of-color/.
34. Hassan, Kamal, et al. "How the VC Pitch Process Is Failing Female Entrepreneurs." Harvard Business Review, Jan. 2020, https://hbr.org/2020/01/how-the-vc-pitch-process-is-failing-female-entrepreneurs.
35. Ewans, Michael, and Richard R. Townsend. "Are Early Stage Investors Biased against Women?" Journal of Financial Economics, vol. 135, no. 3, Mar. 2020, https://doi.org/10.1016/j.jfineco.2019.07.002.
36. Balachandra, Lakshmi, et al. "Don't Pitch Like a Girl!: How Gender Stereotypes Influence Investor Decisions." Entrepreneurship Theory and Practice, vol. 43, no. 1, Sept. 2017, https://doi.org/10.1177/1042258717728028.
37. "2021 FinAccess Household Survey." FinAccess, Kenya National Bureau of Statistics, Dec. 2021, https://finaccess.knbs.or.ke/home.
38. The Official Ghana Demand Side Survey 2021. Government of Ghana Ministry of Finance, 2021, https://finmark.org.za/Publications/Ghana_Demand_Side_Survey.pdf.
39. Empowering Excellence: Building Ecosystems for Black Entrepreneurs. Accion Opportunity Fund, Sept. 2023, https://aofund.org/news/empowering-excellence-building-ecosystems-for-black-entrepreneurs-legalzoom-report/.
40. Clingingsmith, David, et al. "Examining the Outcomes of Entrepreneur Pitch Training: An Exploratory Field Study." Small Business Economics, vol. 60, no. 3, Mar. 2023, pp. 947–74. Springer Link, https://doi.org/10.1007/s11187-022-00619-4.

aofund.org

We help small businesses thrive.

111 W St John St # 800, San Jose, CA 95113