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BREAKING BARRIERS

Women Entrepreneurs in Ghana Navigate the **Digital Landscape**



Content

A journey towards growth	03
Summary	04
Research approach	05
Sustaining livelihoods	06
Embracing digital tools	06
Boosting small businesses	07
Strengthening resilience	08
Overcoming difficulties	09
Learnings and the way forward	10

A journey to growth

Ama, a young woman in Ghana, was determined to achieve economic independence and provide for her family. Despite facing numerous challenges as a woman, she was committed to make her dream of starting her own beauty business a reality.

Ama was inspired to offer high-quality beauty products and services that cater to the unique needs of women in her community. She

embraced digital tools to run her business efficiently, from online marketing to online payments.

Ama's story is just one example of hundreds of young women in Ghana who are relying on digital tools to grow their businesses and become financially resilient. The Inclusive Digital Commerce (IDC) program in Ghana, sponsored by Mastercard Foundation and managed by BFA Global in partnership with MEST, is helping Ama and other informal MSEs, especially those led by women and youth, to thrive in the digital economy. This case study explores the impact of the program.



Summary

The IDC program worked with six growing digital commerce companies that build solutions designed to improve the livelihoods of micro- and small enterprises (MSEs) in Ghana. The companies focus on those with the greatest needs: nano businesses (0-2 employees) led by young women who need to be able to track sales and sell products online.



Better business indicators



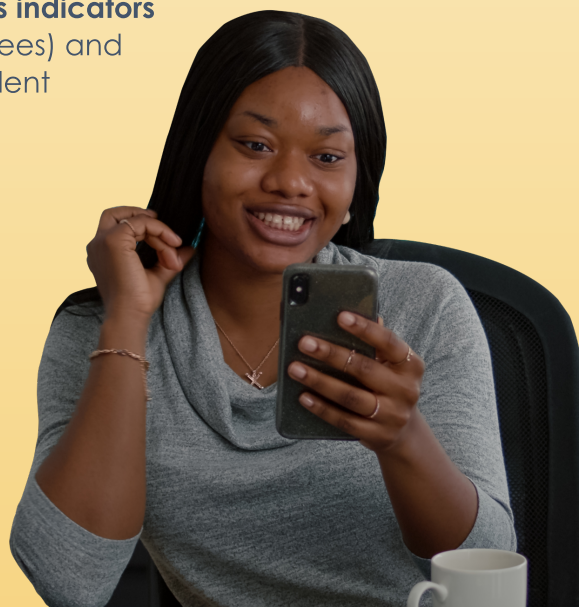
Income



Employees

To measure the impact of the program, BFA Global conducted a series of **WhatsApp chatbot-based surveys**. The results confirmed that IDC companies have had a positive impact on MSEs in terms of income, financial resilience, and growth. Although women-owned MSEs started from a less advantageous position, the surveys showed they had **better business indicators** (income and number of employees) and successfully navigated the turbulent economic conditions of 2022.

While the IDC portfolio companies have been instrumental in accelerating the growth and resilience of these MSEs, more support is needed for MSEs, especially those led by young women, to continue their digital journeys and thrive in the digital economy.



Research approach

From May to December 2022, BFA Global conducted a WhatsApp chatbot-based survey to gather data directly from MSEs on their livelihoods and resilience after using the services of the IDC portfolio companies. The objective was to assess the impact of the program on the MSEs in terms of number of paid employees, income stability and financial resilience, and to explore how these indicators varied among different population groups, particularly young women.

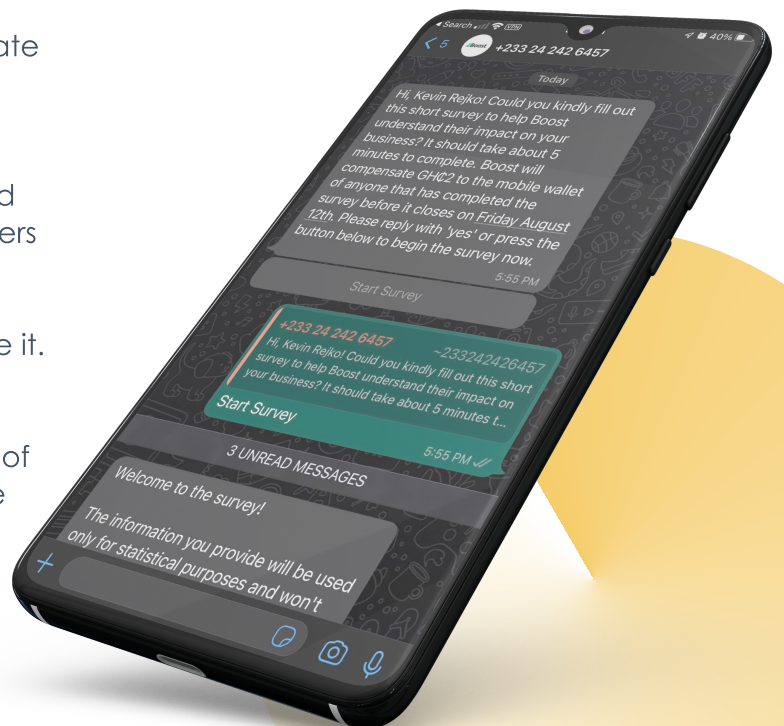
The chatbot survey collected information on the business owners' demographics (age and gender), business basics (employees, industry, and location), platform services usage, overall income (in good and bad weeks), the impact of the platform services (on growth and financial resilience), and the impact of inflation.

The surveys were conducted in three waves in five- to six-week intervals. Respondents were compensated for completing the surveys, receiving 3 to 10 cedis (GHS) paid into their mobile wallets.

Five IDC companies agreed to participate in this market research: Kudigo, Oze, Shopa, Swoove, and Boost. These companies were instrumental to the success of this research as they provided the list of contacts, alerted their customers before BFA Global sent the survey, and provided valuable feedback on the questionnaire, which helped us fine-tune it.

The overall survey uptake rate was 19 percent, with 1,147 people starting one of the 6,097 surveys that were sent out. The completion rate was 72 percent.

The uptake rate was lower with each progressive survey wave even though compensation increased from GHS3 to 10. However, the completion rate increased in line with the compensation. In addition to the quantitative surveys, BFA Global also conducted qualitative interviews to hear directly from MSE owners about starting their businesses, using the services of IDC companies, and navigating economic turmoil, among other issues. The interviews captured feedback from 84 business owners, mainly women and youth.



Sustaining livelihoods

Ghanaian entrepreneurs gave two main reasons for starting their businesses: to pursue sustainable livelihoods and follow their passion. Entrepreneurs expressed feelings of fulfillment and satisfaction with running their own business. Women entrepreneurs also expressed a strong sense of independence.



"The main motivation for starting my business is to earn a side income. I love fashion, so I wanted to use my passion to venture into my clothing business and also make a profit to help finance my education."

Maria, 19

The chatbot survey revealed that IDC companies focus on women and youth, as 56 percent of survey respondents were women and 76 percent were youth (aged 15–35 years). Most young women are running their businesses in the fashion accessories, beauty and cosmetics industries.

We found that, on average, MSEs have used the platform services to sell their products online and have tracked their sales for seven months. Most clients are located in the Greater Accra Region, presumably because it is the most dynamic economic region in Ghana.

Embracing digital tools

Using digital tools is helping Ghanaian MSEs become more efficient, reach a larger customer base, and improve communication with clients and employees. Respondents used words such as "easy", "control", and "safety" to describe their use of digital tools.

Meanwhile, the top reasons that micro-entrepreneurs gave for using the services of the IDC portfolio companies were to keep track of their business, access loans, and reduce the time and effort it takes to carry out operations.

In the interviews that we conducted alongside the WhatsApp chatbot survey, MSE business owners reported feelings of convenience and a good user experience. However, nine respondents mentioned some areas that could be improved, particularly related to delivery.

"Using digital tools for businesses has been good and made the running of the businesses easier and faster."

Grace, 25

"I heard they also support small businesses with soft loans, so I signed up. And also, I wanted to effectively plan and manage my business with accurate records due to the nature of my schedules."

Linda, 29

"I like the interface...It's nice and user-friendly. I like how you can navigate through the app successfully without any kind of hassle. I could give it maybe a four-star rating out of five."

Emmanuel, 28

Boosting small businesses

The results of the chatbot survey also indicated that IDC companies are having a positive impact on MSEs in terms of income. Over the three survey waves, there was a decrease in the proportion of MSEs with a weekly income of less than GHS300, and an increase in the proportion of MSEs that reported higher revenues as a result of using the services of the IDC companies (one in three). In addition, MSEs are buying more inventory with the extra money they have earned from using the companies' services.



The interviews revealed how MSE owners perceive the benefits and challenges of IDC platforms. Business owners indicated that the IDC services allowed them to maintain control of their business, made business operations easier, and helped them to save more money and make deliveries.

Young women entrepreneurs in Ghana face unique cultural and societal barriers that make it more difficult to succeed in business. The chatbot survey indicated that women-led MSEs start from a less advantageous economic position, as reflected in their income and the number of paid employees captured in the first wave of the surveys.

"It has helped me keep proper records of my accounts and inventory. At first, I may write certain business information on a sheet of paper and lose it, but with Oze, this is a proper record of my business expenses and stock levels."

Joyce, 29

Statistical analysis suggests that the size of MSEs (number of paid employees) increases as MSEs use the services of IDC companies, which in turn drives revenue. Although women-led MSEs are still smaller in comparison, they managed to sustain key business indicators (income and number of employees) throughout the survey waves.

"The app has helped me structure my business in the right way. Being a very busy person and running multiple businesses, I just input my data, and the app does what I want, so at least the stress of sales and inventory management is solved."

Patiente, 55

Strengthening resilience

More than half of the surveyed MSEs reported that using the services of the IDC companies improved their capacity to face unforeseen situations with a negative economic impact. In interviews, respondents also expressed that the services had made them more resilient through more savings and better planning.

"Yes, due to how I am always having enough stocks, I am able to meet my customers' demand."

Esther, 56

"Yes, since it makes me keep track, I'm able to manage emergencies better."

Abigail, 31

Strengthening financial resilience

As a result of using [company's name] services, your business is better able to face an unforeseen situation with a negative economic impact.



However, some respondents mentioned that the platform has not helped them to manage emergencies. This suggests that more must be done to maximize the benefits of the platforms.

While MSEs are overcoming harsh economic conditions due to high inflation, most have managed to maintain the same number of paid employees and income. The data collected over time through the WhatsApp chatbot indicated that the average number of paid employees did not decrease between May and December despite an annual price increase of more than 50 percent at the end of 2022.



Overcoming economic downturns remains a challenge

MSEs often face significant difficulties when dealing with inflation and poor economic conditions, as seen in 2022. One of the primary challenges is the increased cost of raw materials and other inputs. This can lead to lower profit margins and make it difficult for MSEs to cover their operating expenses.

Inflation can also increase the cost of borrowing, which can exacerbate financial difficulties for MSEs.

Overall, managing inflation and navigating economic downturns can be challenging for MSEs, and they may need to adopt innovative strategies to survive and thrive.

"Yes. The bad economy has greatly affected business. The rising cost of products and expenses takes away almost all your profits."

Joyce, 28

"Lack of capital for expansion due to price fluctuations hinders the ability to make a profit."

Samuel, 32

Lessons learned and the way forward

Our research on the impact of digital tools on MSE growth and resilience in volatile times produced several lessons. First, the IDC platforms have been instrumental in helping MSEs to thrive and navigate turbulent economic times. Their digital tools have eased business operations and enabled them to reach more clients. The data highlighted that MSEs have become more resilient and their businesses have remained a stable source of employment.

Second, IDC companies and other service providers will need to strengthen their value proposition to resonate among MSEs, as some expressed that they had gained little in terms of revenue growth and financial resilience. Challenges around customer services, service availability, and prices persist.

Third, the larger an MSE, the more likely they benefited from the digital services of IDC companies. This suggests that economies of scale have a persistent effect, and when embarking on the digital transformation of micro-enterprises it is necessary to create tailored digital solutions – for all sorts of businesses.

Fourth, MSEs will face challenges as economic turmoil continues in 2023. More work needs to be done to assist MSEs in their digital journey, as e-commerce adoption is expected to continue to grow. Collaborations between stakeholders can foster innovation, facilitate knowledge sharing, and create a supportive ecosystem in which small informal companies can thrive in the digital economy.

Finally, it is imperative to note that this qualitative and quantitative research confirmed the importance of listening to MSE owners, particularly young women. It helped to better understand their perceptions, attitudes, and experiences, which in turn can help to identify their needs and pain points. The chatbot survey was a cost-effective way to gather information, while the in-depth interviews provided a vivid picture of perceptions and attitudes. This information is a necessary complement to the administrative data that companies collect.

As the IDC program comes to an end, we hope that more and more small businesses are able to take advantage of the digital opportunities available to them, and create a ripple effect that helps entrepreneurs like Ama to grow their businesses and fulfill their passion.

About the Inclusive Digital Commerce Program

The Inclusive Digital Commerce Program, IDC, was launched in 2020 with the support of the Mastercard Foundation to support six digital commerce companies **building solutions designed to improve the livelihoods and financial resilience of micro- and small enterprises (MSEs) in Ghana.** The program was operated by BFA Global using the Catalyst Accelerator model, and was executed in partnership with **MEST.**

After two years of operation, IDC has helped to scale innovative companies that enable informal MSEs in Ghana to reap the benefits of digital commerce solutions, with the parallel goal of spurring the development of the wider ecosystem.

IDC has impacted

To date:

143K

livelihoods



of which

69K

are MSEs led by young adults.

MSE customers of the IDC portfolio companies experienced



39%
growth in revenue on average

and contributed



31K
new livelihoods

Most of the women-led MSEs said that the IDC portfolio companies had a positive impact on their business by helping them grow, making it easier to run their business, and enabling them to save money.

Through the bespoke mentorship and acceleration support that IDC portfolio companies received, they experienced eight-fold revenue growth on average and raised a total of US\$9.5 million in follow-on funding.



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