



ASPEN NETWORK
OF DEVELOPMENT
ENTREPRENEURS
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UNLOCKING THE POTENTIAL:

WHAT WE KNOW ABOUT SUPPORTING
ENTREPRENEURS AND WHAT IS
COMING UP NEXT

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FROM THE AMERICAN PEOPLE



Authors and Acknowledgments

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This knowledge brief draws early insights from six research projects supported by the Aspen Network of Development Entrepreneurs (ANDE) and the International Growth Centre (IGC). The research projects and authors are as follows:

► ***Can Light-Touch Accelerator Programs Foster Business Performance? Evidence from ICT Enterprises in Bangladesh***

Abu Shonchoy, Gaurav Chiplunkar, Israt Jahan, and Namrata Kala

► ***Data-Driven Learning and Firm Performance: Experimental Evidence from SMEs in Kenya***

Elizabeth Lyons and Anik Ashraf

► ***Measuring and Managing Impact: A Field Experiment***

Emanuele Colonnelli, Natalia Rigol, and Ben Roth

► ***Measuring and Transferring Retail Productivity: Evidence from a Structural Model and a Mentorship Intervention in Zambia***

Heather Huntington, Ajay Shenoy, and Brenda Samaniego de la Parra

► ***Matching Digital Service Export Jobs in Kenya***

Robert Garlick, Caroline Kariuki, Kate Orkin, Ignacio Rodriguez Hurtado, and Laurel Wheeler

► ***Unequal Access to Big Contracts: Evidence from the AGPO Program in Kenya***

Golvine de Rochambeau and Christian Meyer

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About ANDE

The **Aspen Network of Development Entrepreneurs (ANDE)** is a global network of organizations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, ANDE believe that SGBs can help lift countries out of poverty.

With a U.S. team based in Washington, DC and eight chapters across Asia, Africa, and Latin America, ANDE staff work hard to support members globally and locally while building strong ecosystems for entrepreneurial growth. ANDE develops unique initiatives to address systemic challenges and seize opportunities that can only be approached through collective action. ANDE was founded in 2009 and is a program of the Aspen Institute, a global nonprofit organization committed to realizing a free, just, and equitable society.

About IGC

The **International Growth Centre (IGC)** is a global research center with a network of world-leading researchers, country teams across Africa, South Asia, and the Middle East, and a set of global policy initiatives. It aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research. The IGC works closely with partner governments to generate high-quality research and policy advice on key growth challenges, focusing on four themes – state effectiveness, firms, cities and energy – that are critical to transforming the productivity of people and firms to ensure that growth is inclusive and resilient. Based at the London School of Economics and Political Science (LSE) and in partnership with the University of Oxford, the IGC is funded primarily by the UK Foreign, Commonwealth and Development Office (FCDO) with support from other global funders.

About SGB Evidence Fund

Although the evidence base on SGBs in developing countries is expanding, there is still much we do not understand about how to best support firm growth and create quality jobs. To understand the most effective ways to support SGBs and the economic and social impact of SGB growth, the **SGB Evidence Fund**, a joint effort of IGC and ANDE, supports collaborations between researchers and practitioners. The SGB Evidence Fund is made possible by the generous support of the Argidius Foundation, the International Development Research Centre, the Foreign, Commonwealth and Development Office (FCDO), and the American people through the United States Agency for International Development (USAID).



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Introduction

This report presents findings from several research projects that delve into the effectiveness and impact of different business support initiatives. Through rigorous research methodologies such as randomized controlled trials (RCTs), these studies shed light on the outcomes and implications of accelerator programs, skill assessments for job applicants, recordkeeping practices, impact measurement and management (IMM) frameworks, and support for women-led businesses.

The key topics covered in this brief and the research projects associated with each of them are set out below:

- 1 The Effectiveness of Accelerator Programs:** The report highlights the limited evidence regarding the effectiveness of accelerator programs in enhancing business performance. While correlational analyses have been conducted, causal evidence is necessary to establish a direct link between participation in accelerator programs and improved outcomes.

► ***Can Light-Touch Accelerator Programs Foster Business Performance? Evidence from ICT Enterprises in Bangladesh***

Abu Shonchoy, Gaurav Chiplunkar, Israt Jahan, and Namrata Kala.

- 2 Talent Acquisition for Small and Medium-Sized Enterprises (SMEs):** Acquiring the right talent is crucial for enhancing business productivity, especially for SMEs in lower-income countries. Identifying reliable signals of applicant productivity can help improve firms' productivity and reduce hiring costs. Garlick and his colleagues' study focuses on assessing different skills to predict the performance of workers in the digital service industry in Kenya.

► ***Optimizing Labour Sourcing for Technology Workers in Small Businesses***

Robert Garlick, Caroline Kariuki, Kate Orkin, Ignacio Rodriguez Hurtado, and Laurel Wheeler

- 3 Recordkeeping and Data Collection:** Many entrepreneurs in developing countries underinvest in collecting and learning from information about their products, market, and business performance. The research project by Lyons and Ashraf emphasizes the importance of thorough recordkeeping and utilizing data to design better business strategies. Access to information about other businesses' performance may significantly improve the performance of one's own business.

► ***Data-Driven Learning and Firm Performance: Experimental Evidence from SMEs in Kenya***

Elizabeth Lyons and Anik Ashraf

► ***Measuring and Transferring Retail Productivity: Evidence from a Structural Model and a Mentorship Intervention in Zambia***

Heather Huntington, Ajay Shenoy, and Brenda Samaniego de la Parra

4 IMM Frameworks: IMM can have positive effects on both social and financial performance. However, there is a lack of studies examining the causal relationship between impact measurement and business growth. The ongoing research project by Colonnelli and his coauthors aims to uncover the causal effect of impact measurement on firm growth and identify best practices for IMM.

► **Measuring and Managing Impact: A Field Experiment**

Emanuele Colonnelli, Natalia Rigol, and Ben Roth

5 Support for Women-Led Businesses: Women entrepreneurs face challenges in accessing finance and participating in accelerator programs. The report by Shonchoy et al. highlights the gender gap in accessing financial resources and the need for gender-sensitive approaches in entrepreneur support programs. According to Huntington and her colleagues, women-led businesses, even in women-dominated sectors like the retail industry, tend to be smaller in size and generate lower revenues due to limited access to finance. De Rochambeau and Meyer explore the possibility of supporting women entrepreneurs by ensuring access to big contracts.

► **Can Light-Touch Accelerator Programs Foster Business Performance? Evidence from ICT Enterprises in Bangladesh**

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► **Measuring and Transferring Retail Productivity: Evidence from a Structural Model and a Mentorship Intervention in Zambia**

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► **Unequal Access to Big Contracts: Evidence from the AGPO program in Kenya**

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Overall, these research insights provide valuable knowledge on the effectiveness of various business support initiatives, skills assessments, recordkeeping practices, IMM frameworks, and support for women-led businesses. By understanding the impact and outcomes of these programs, policymakers, investors, and entrepreneurs can make informed decisions to foster sustainable growth and success in the business ecosystem.

The Effectiveness of Accelerator Programs

Startups, in general, demonstrate high failure rates, with approximately two-thirds of them never producing a positive return.¹ To assist the growth of high-potential startups, the accelerator model was developed in 2005 in Silicon Valley, the United States. Since then use of the model has spread around the globe,² and there are currently 2,765 accelerators worldwide.³ Accelerators help startups define and develop their initial products, identify promising customer segments, and acquire essential resources such as capital and employees. They usually provide their services to cohorts of startups for a limited duration, typically around three months.⁴

The existing evidence regarding the effectiveness of business accelerator programs remains limited. While a few studies have explored the impact of participating in these programs on firm productivity, performance, and growth, most of them are correlational analyses.⁵ However, causal evidence is necessary to show that it *leads* to enhanced business performance. Therefore, ANDE and IGC funded Shonchoy and his colleague's RCT, a gold standard method for uncovering causal effects.

To estimate the causal effects of accelerator programs, Shonchoy and his coworkers partnered with Startup Dhaka, a prominent player in the startup ecosystem in Bangladesh. As a pilot project, before the full-scale study, the researchers recruited 30 startups and randomly assigned them into three groups: full treatment group, semi-control group, and control group. The full treatment group had the opportunity to fully engage in Startup Dhaka's business accelerator program, which consists of mentoring, online training courses, and networking with investors. The semi-control group only received access to the online training courses, and the control group had no access to the program whatsoever. To gauge the impact of the training program, Startup Dhaka collected pitch videos from all groups before (baseline) and after (endline) the four-week program. The pitch videos were evaluated by a Startup Dhaka judge.⁶

The findings from the pilot study reveal a significant impact of the accelerator program on scores of pitch videos. Figure 1 displays the average score changes of pitch videos before and after the training program. A vertical line in the graph overlapping with the zero line means that the corresponding

1 Eisenmann, T. 2021. [Why startups fail](#). Penguin Random House, 2021.

2 Guttentag, M., Davidson, A., and Hume, V. 2021. [Does Acceleration Work? Five Years of Evidence from the Global Accelerator Learning Initiative](#). Aspen Network of Development Entrepreneurs.

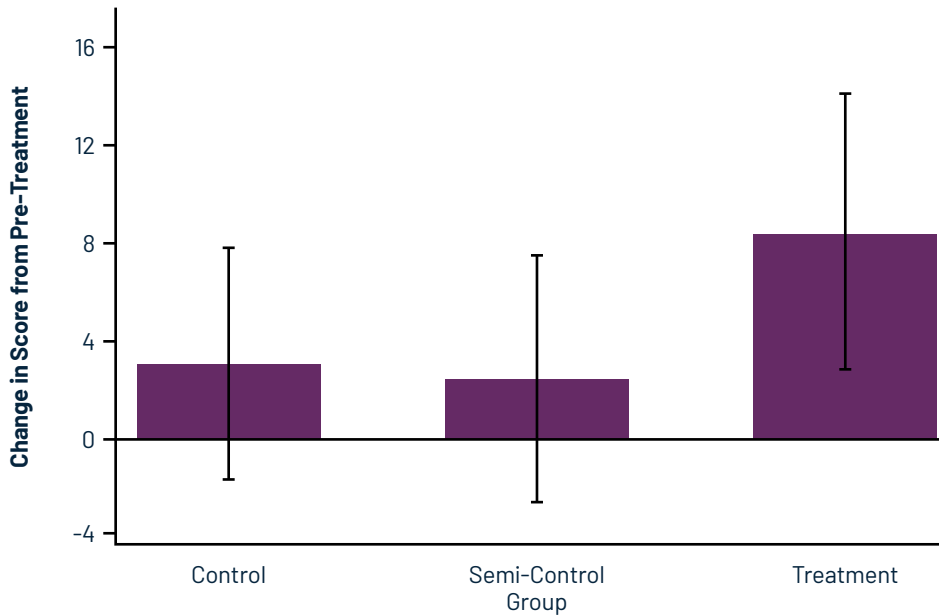
3 [StartupBlink](#). Accessed on June 28, 2023.

4 Cohen, S. 2013. [What Do Accelerators Do? Insights from Incubators and Angels](#). *Innovations: Technology, Governance, Globalization* Vol. 8, No. 3-4: 19-25.

5 Ikebuaku, K. and Dinbabo, M. 2018. [Beyond Entrepreneurship Education: Business Incubation and Entrepreneurial Capabilities](#). *Journal of Entrepreneurship in Emerging Economies*, Vol. 10, No. 3; Guttentag, M., Davidson, A. and Hume, V. 2021. [Does Acceleration Work? Five Years of Evidence from the Global Accelerator Learning Initiative](#). Aspen Network of Development Entrepreneurs.

6 The pilot study had only one judge for the pitch competition, but the researchers plan on having a panel of three judges for the full-scale experiment.

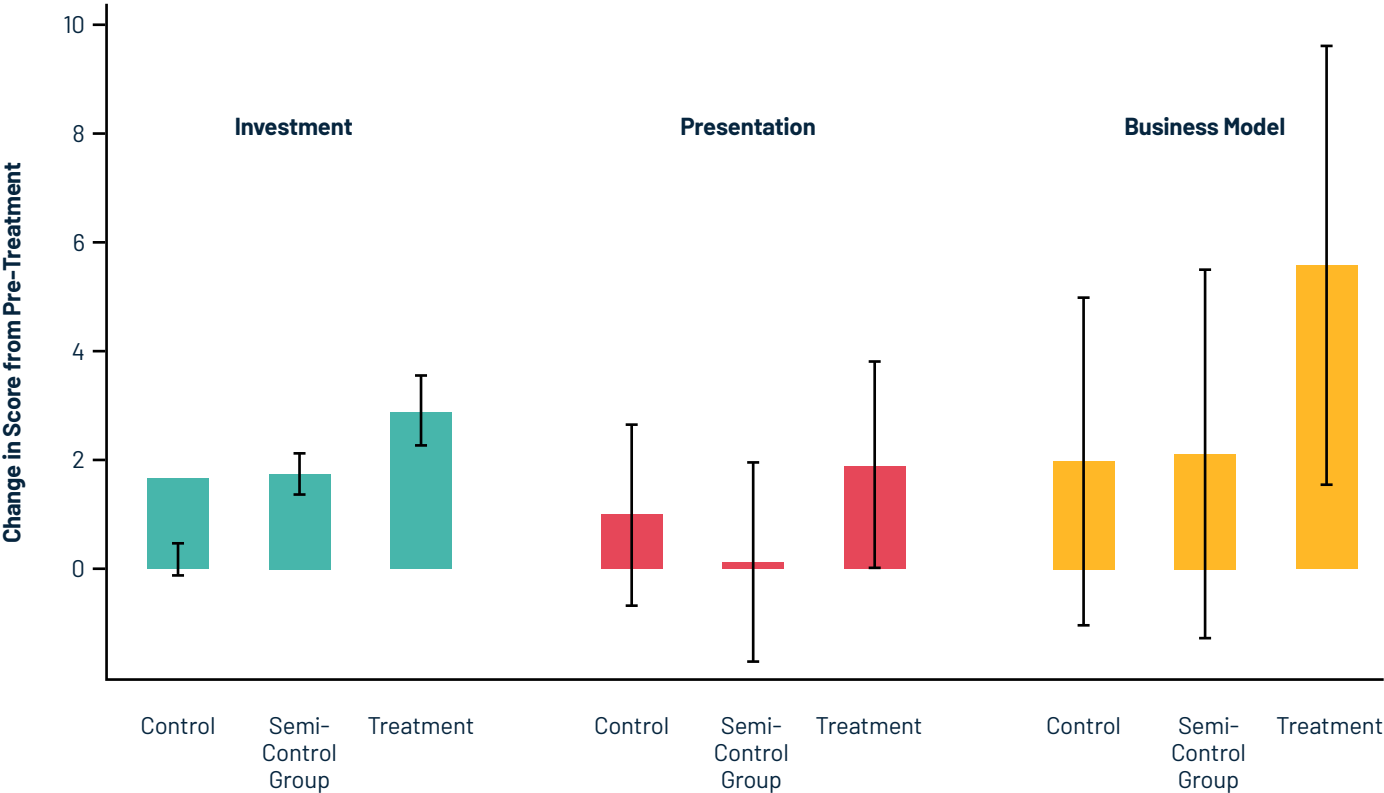
estimated mean (represented by the height of the bars) is not statistically significantly different from zero, meaning that it cannot be said to have improved. Thus, startups in both the semi-control and control groups did not demonstrate statistically significant improvements in their pitch video scores, whereas the treatment group exhibited substantial improvement. Upon examining the disaggregated data, the improvement in the treatment group’s scores primarily stems from enhanced business models, and increased likelihood of follow-up meetings with investors, rather than simply an improvement in presentation quality (Figure 2).⁷



N - 24. Robust standard errors. 90% confidence intervals in vertical lines.

Figure 1. Change in Total Pitch Score by Treatment Status

⁷ The investment dimension was measured by the following question “Will the pitch convince the investors for a follow-up meeting?”



N - 24. Robust standard errors. 90% confidence intervals in vertical lines.

Figure 2. Change in Pitch Subsection Score by Treatment Status

Ways to Improve Business Productivity

TALENT ASSESSMENT TOOLS

Acquiring the right talent is crucial for enhancing business productivity, particularly for SMEs operating in lower-income countries as even slight improvements in productivity can have significant impacts on growth for such enterprises.⁸ Additionally, many SME owners, especially in developing economies, heavily depend on conventional networks like family, friends, existing coworkers, and their referrals,⁹ which limits businesses that seek substantial growth. Identifying reliable signals of applicant productivity can thus be the key to improving firms' productivity, reducing hiring costs, and supporting SMEs to scale.¹⁰

In this context, the SGB Evidence Fund provided support to the research project by Garlick and his colleagues, who partnered with Shortlist, a multinational recruitment agency with a substantial presence in Kenya. Currently, there is limited research available on how businesses can improve the quality of employees and minimize hiring expenses through job platforms.¹¹ Garlick and his colleagues aim to address the question of which components of skill assessment effectively predict the performance of workers in digital service jobs by investigating SMEs that offer digital services in Kenya. The findings from this research will not only enable firms and placement agencies to make optimal use of assessments during the hiring process but also help business development service providers guide entrepreneurs with talent acquisition.¹²

The research project focuses on the digital service industry, which encompasses a wide range of jobs, from software engineering to simpler tasks accessible to workers with lower levels of education, such as transcription or call center work. The digital services sector holds immense potential for economic growth in numerous developing economies as evidenced by the rapid increase in service exports from those nations to their wealthier counterparts. Between 2005 and 2019, digital service exports

8 Hsieh C. and Klenow P. 2014. [The life cycle of plants in India and Mexico](#). The Quarterly Journal of Economics, Vol 129, No. 3: 1035-1084.

9 Chandrasekhar A., Morten M., and Peter A. 2020. [Network-Based Hiring: Local Benefits, Global Costs](#). National Bureau of Economic Research; S. Kim. 2023. [SGB Evidence Fund Series: Hiring Frictions and the Promise of Online Job Portals](#). SGB Evidence Fund.

10 Algan, Y., Crepon, B. and Glover, D. 2020. [Are Active Labor Market Policies Directed at Firms Effective? Evidence from a Randomized Evaluation with Local Employment Agencies](#). Working Paper.

11 An exception to this statement is another study funded by the SGB Evidence Fund and conducted by A. Nilesh Fernando, Niharika Singh, and Gabriel Tourek. This study investigates how online job portals can bridge the trust gap between prospective hires and employers. Please see [here](#) for a concise summary of the study, tailored for practitioners.

12 In addition, the researchers aim to investigate the effect of digital services export jobs on subsequent labor market outcomes. To achieve this, they designed a randomized controlled trial (RCT) wherein eligible candidates (i.e., sufficiently qualified candidates according to Shortlist) will be assigned to either a treatment or control group. The treatment group will be included on a shortlist, while the control group will not. By surveying job applicants in both groups soon after the randomization and in the following year, the researchers intend to assess the effect of being placed on a shortlist on various outcomes. The outcomes include the probability of securing a job in any field, the likelihood of getting a job specifically in the digital service export industry, short-term and long-term earnings, and job satisfaction.

from low-income countries nearly doubled, while middle-income countries experienced a three-fold increase.¹³ Although the digital share of services exports is not consistently measured in all countries, the IT industry has grown by more than 10% a year in recent years in Kenya, where the study is being conducted.¹⁴

The researchers, in collaboration with Shortlist, have identified and incorporated three pertinent skills assessments: *general cognition*, *executive function*, and *grit*. These assessments were determined after conducting an extensive review of the existing literature and relevant psychometric assessment, as well as incorporating valuable input from Shortlist. The general cognition assessment employs the MARS-B Assessment, which presents candidates with a series of pictures featuring various patterns. Candidates are then required to choose the correct image that matches the given pattern, as depicted in the figure below.¹⁵

MARS-B

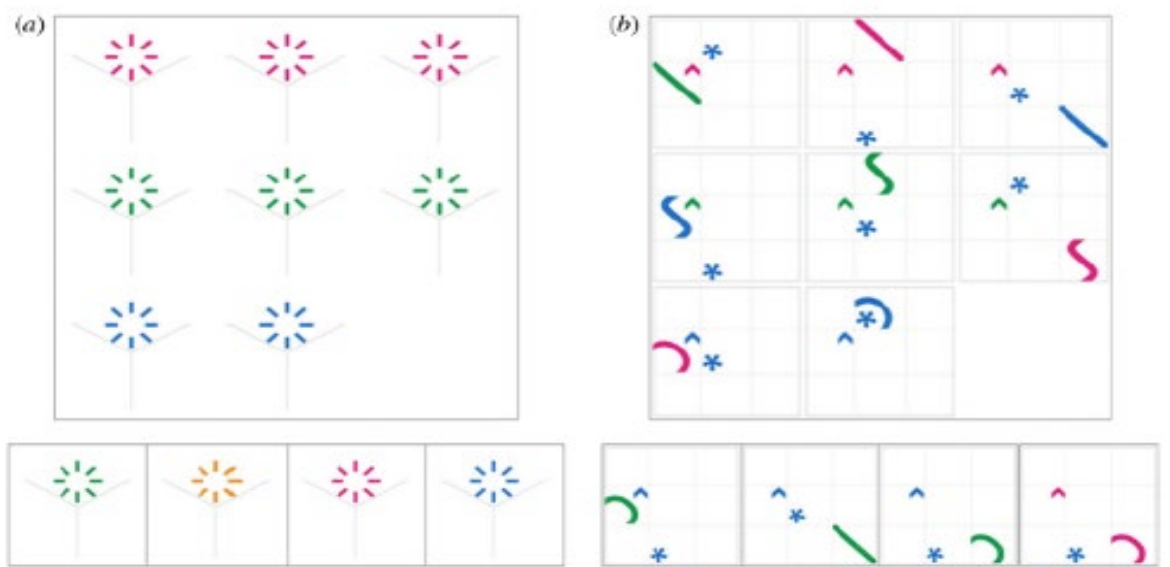


Figure 3. Example of General Cognition Test

(a) A simple item containing a one-relational change (i.e., only the color changes) and answer options. The fourth option is the correct solution. (b) A harder item containing a three-relational change (i.e., shape, color, and position change). The third option is the correct answer.

To evaluate executive function, the researchers adopted the Stroop test. During this test, job applicants were presented with a series of arrows pointing in various directions and displayed in different colors. The instruction told the applicants to click the direction indicated by the arrow if it was colored blue and click the opposite direction if the arrow was colored red. After 30 seconds of practice, participants were given four minutes to complete as many items as possible.

13 Mulabdic, A. and Nayyar, G. 2022. [The Promise of Export-led Services Growth Is Real](#). World Bank Blogs.
 14 Communications Authority of Kenya. 2019. [The Digital Economy Blueprint](#). Communications Authority of Kenya. Accessed June 27, 2023.
 15 Chierchia, G., Fuhrmann, D., Knoll, L. J., Pi-Sunyer, B.P., Sakhardande, A. L., and Blakemore, S. J. 2019. [The Matrix Reasoning Item Bank \(MaRs-IB\): Novel, Open-access Abstract Reasoning Items for Adolescents and Adults](#). Royal Society Open Science, 6 (10), 190232.

To assess the level of grit, job applicants were asked to rate the extent to which a series of statements presented to them reflect themselves using a five-point scale.¹⁶ The statements include the following: “a) I have overcome setbacks to conquer an important challenge, b) new ideas and projects sometimes distract me from previous ones, c) my interests change from year to year, d) setbacks don’t discourage me, e) I have been obsessed with a certain idea or project for a short time but later lost interest, f) I am a hard worker, and g) I often set a goal but later choose to pursue a different one.”¹⁷

Preliminary findings suggest that certain online assessments effectively capture distinct candidate traits or skills, whereas others appear to reflect similar underlying variations. Correlation coefficients between the three assessments reveal that the grit assessment is essentially uncorrelated with either the general cognition or executive function tests. This indicates that the grit assessment captures a unique trait not captured by the other two assessments. On the other hand, the executive function and general cognition assessments displayed a moderately positive correlation, suggesting that they detect related but not identical skills. These test assessments will undergo further examination to determine which assessment predicts the performance of a worker in the digital service industry better.

Another intriguing finding is that female applicants scored higher on executive function than their counterpart male applicants, with a statistical significance level of 0.01. Female applicants scored slightly higher than men on grit and slightly lower on executive function. But neither of these differences was statistically significant. The results are robust to controlling for other demographic characteristics, meaning that women scored higher in general cognition than men with a similar education level, while no gender differences were found in executive function and grit.

RECORDKEEPING AND DATA COLLECTION

Entrepreneurs benefit from information about the demand for their products and business performance.¹⁸ The preliminary findings from Huntington and her coauthors’ research project underscore the importance of collecting information and researching their products and market, among other things. According to the three researchers, retail shops that adopt more of the “best managerial practices” tend to gain higher sales and assets in the sample of Zambian retail businesses. Those best managerial practices include visiting competitors to review their operations, surveying customers, exploring alternative suppliers for procuring goods, maintaining thorough records, and setting out a budget.

However, many entrepreneurs in developing economies underinvest in collecting and learning from such information. Several studies have documented that firms in developing economies do not keep records of sales and inventories, even though doing so could help them to understand the relationship between their activities and performance and design better business strategies.¹⁹ Huntington and

16 The five-point scale includes a) very much like me, b) mostly like me, c) somewhat like me, d) not much like me, and e) not like me at all.

17 Duckworth, A. L. and Quinn, P. D. 2009. Short Grit Scale (Grit-S)[Database record]. APA PsycTests.

18 Goyal, A. 2010. [Information, Direct Access to Farmers, and Rural Market Performance in Central India](#). American Economic Journal: Applied Economics, Vol. 2, No. 3: 22-45; Galdon-Sanchez, J. E., Gil, R., and Uriz Uharte, G. 2023. [The Value of Information in Competitive Markets: Evidence from Small and Medium Enterprises](#). Social Science Research Network.

19 See Karlan, D. and Valdivia, M. 2011. [Teaching entrepreneurship: Impact of business training on microfinance clients and](#)

her colleagues found out that the vast majority of retailers in Zambia frequently restock goods that are already in their inventories. Specifically, among shops that follow regular restocking schedules, thirty-two percent restock their goods on a daily basis, and forty-one percent restock more than once a week. Based on these findings, the authors propose that such frequent restocking patterns may indicate business owners' limited ability to accurately forecast demand for different products, thereby reflecting low inventory management productivity.²⁰

Another ongoing research project by Lyons and Ashraf, funded by the SGB Evidence Fund, investigates the missing link between recordkeeping and business performance. The two researchers argue that SME owners in developing economies can further enhance their performance by moving away from simply keeping records to effectively interpreting the raw data and gaining information about comparable enterprises. Their hypothesis highlights the potential value of providing SME owners with tools that analyze and extract patterns from the raw data, as such tools might not be easily accessible in their contexts.

The preliminary finding from Huntington and her team is also consistent with Lyons and Ashraf's argument regarding how access to information about other similar businesses can benefit entrepreneurs. Huntington and her colleagues categorized products that retailers in their study sell into primary and secondary products. The study revealed that some retailers applied higher markups to secondary products than others, which correlated with a higher likelihood of stocking up on those goods. Had business owners who applied relatively low markups known the pricing strategies of other businesses offering similar products, they could have made similar adjustments and gained higher profits. In this sense, access to information about other businesses' performance can significantly improve one's own business performance.



Figure 3. Recordkeeping to Improve Business Performance

To test the hypotheses, Lyon and Ashraf have devised a field experiment involving SMEs located in Nairobi and Mombasa, Kenya. The examples of SMEs targeted for this study include small grocery shops and pharmacies, mom-and-pop stores, and salons. The intervention will involve equipping the

[institutions](#). The Review of Economics and Statistics, Vol. 93, No. 2: 510-527; Berge, L. I. O., Bjorvatn, K. and Tungodden, B. 2014. [Human and Financial Capital for Microenterprise Development: Evidence from a Field and Lab Experiment](#). Management Science Vol. 61, No. 4: 707-722.

20 However, the authors also mention another possibility: frequent restocking might be driven by the fact that restocking costs are low but storage costs are high. In that case, frequent restocking is a cost-effective, rational decision.

participating enterprises with *mSpark*, a smartphone-based point-of-sale (POS) application developed by TechnoServe. The plan is to distribute the application to 30,000 SMEs and conduct the study with a subset of consistent users of the application, estimated to be between 3,000 and 4,000.²¹

The participants of the experimental study will be divided into three groups, each receiving a different intervention. The first group will be provided with the *regular application*, which only allows users to track sales and inventory. The second group will receive the *own-analytics application*, which includes the standard features along with analytical summaries. These summaries will be presented in graphic displays, enabling users to examine aggregate sales or sales of specific products or services over time. This version will additionally demonstrate the relationship between prices and sales for items or services that have undergone price adjustments. The third group will be given the *full-analytics application*, which not only encompasses all the aforementioned features but also provides users with information that allows them to compare their business performance with similar establishments in the city, effectively benchmarking their performance.

IMM FRAMEWORK

According to the Global Impact Investing Network (GIIN), “Impact measurement and management includes identifying and considering the positive and negative effects one’s business actions have on people and the planet, and then figuring out ways to mitigate the negative and maximize the positive in alignment with one’s goals.”²² Impact investors are primarily motivated by IMM to drive their social and environmental performance, but the majority of impact investors (59%) also believe that impact measurement can improve the financial performance of portfolio companies and inform future investment decisions for impact-oriented businesses, as highlighted by a GIIN report.²³ That report emphasizes that impact measurement can yield financial benefits by providing investors with valuable data that can be utilized to improve various areas such as HR, accounting, deal sourcing, selection, marketing, and reputation building.

Although interest in impact measurement among investors is growing, there are limited studies that examine the causal relationship between impact measurement and business growth. To fill that knowledge gap, Colonnelli and other researchers co-developed a new program with Villgro and The University of Chicago Booth School of Business. The research is currently ongoing, with plans to sample 200 small and growing businesses (SGBs).²⁴ Half of the businesses will be randomly selected to participate in the program, receiving training on the best practices of IMM, while the remaining half will not be given access to the program. Once the training program concludes, the research team will collect rich data on the financial, workforce, and business details, as well as data on IMM and other

21 Currently, the research is in its preliminary phase: finalizing the development of the extended features for the own-analytics and full-analytics versions.

22 Global Impact Investing Network. N/A. [Getting Started with Impact Measurement & Management \(IMM\)](#). Accessed on June 28, 2023.

23 Schiff, H., Bass, R., and Cohen, A. 2016. [The Business Value of Impact Measurement](#). GIIN.

24 Small and growing businesses (SGBs) are defined by ANDE as commercially viable businesses with five to 250 employees that have significant potential and ambition for growth. Typically, SGBs seek growth capital from US \$20,000 to \$2 million. The operational definition and specific criteria may vary by studies and organizations. However, SGBs differ from the more traditional characterization of SMEs in two fundamental ways. First, SGBs are different from livelihood-sustaining small businesses, which start small and are designed to stay that way. Second, unlike many medium-sized companies, SGBs often lack access to the financial and knowledge resources required for growth. Learn more at <https://andeglobal.org/why-sgbs>.

management practices from both groups, to uncover the causal effect of impact measurement on firm growth.

If IMM best practices prove to contribute to business growth, there are significant gaps that need to be addressed. Despite increasing interest in impact measurement, only a few IMM best practices exist and are commonly accepted, according to GIIN.²⁵ The data collected by Colonnelli and his colleagues through Villgro also reveal that a considerable proportion of the sample (40%) did not have any IMM frameworks in place. The researchers discovered that only 22% of the sample (20% of for-profit and 30% of non-profit organizations) had dedicated full-time employees responsible for IMM practices, while the majority (63%) did not have a specific person in charge.

The low take-up rate of IMM practices can be attributable to the lack of time and resources. A significant portion of businesses – 38% of for-profit and 44% of non-profit organizations – expressed the need for assistance in developing an impact framework for their businesses. Lastly, many business owners (37%) indicated that they need financial assistance to implement their IMM practices. To enhance the adoption of IMM best practices, Colonnelli and his team plan to uncover the factors that drive the demand for IMM training, particularly focusing on businesses' willingness to pay (WTP) for such training.

25 Global Impact Investing Network. N/A. [A Guide for Impact Investment Fund Managers](#). Accessed on June 28, 2023.

Support for Women-led Businesses

Women entrepreneurs have persistently faced challenges in accessing finance to establish and grow their businesses.²⁶ Although accelerators and other entrepreneur support programs contribute to accessing financial resources in general, research based on Global Accelerator Learning Initiative (GALI) data reveals that these programs can actually exacerbate the gender gap.²⁷ The data indicates that men's access to financial resources improves at a significantly higher rate compared to that of women. Moreover, women are also less likely to participate in accelerator programs than men. This is also substantiated by the findings of Shonchoy and his colleagues' pilot study, where the majority of participants (93.1%) of the accelerator program are men. In part due to limited access to finance, women-led businesses tend to be smaller in size than men-led businesses, raising lower revenues and profits.²⁸ Notably, the gender gap in SMEs is particularly prominent among growth-oriented businesses, especially in the science, technology, engineering, and mathematics (STEM) sectors.²⁹

Women entrepreneurs face significant challenges in scaling their businesses even in traditionally women-dominant sectors like the retail industry. Unlike the STEM sector, the retail industry has traditionally been considered predominantly female-dominated, a notion substantiated by Huntington and her colleagues' study in Zambia. Their research focused on retail shop owners, and their sample of retail consisted of approximately two-thirds women owners. However, despite the significant representation of women in the sector, a strikingly low number of women-owned businesses met the criteria of SGBs.³⁰ In fact, among all SGBs in the sample, women-led businesses accounted for less than half of the population, indicating that women retail shop owners are half as likely as their male counterparts to scale their businesses to the SGB level. Moreover, women-led businesses in the study were found to be less likely to have regular suppliers and have smaller inventory spaces relative to men-led businesses. This reality poses a significant challenge for women regarding their income potential because SGBs in the sample tend to achieve substantially higher sales than smaller enterprises.

Acknowledging the existence of the gender finance gap, the Kenyan government implemented the [Access to Government Procurement Opportunities \(AGPO\) program](#) to help women-led businesses to scale. Securing a big contract often serves as a catalyst for business growth, providing opportunities for significant revenue increase.³¹ However, only a staggering one percent of the eleven trillion

- 26 OECD. 2021. [The Missing Entrepreneurs 2021: Policies for Inclusive Entrepreneurship and Self-Employment](#). OECD Publishing, Paris.
- 27 Schmutzler, J., Romani, G., Marquez-Rodriguez, P., Meza, P., Andreassi, T., and Sampedro, J. 2022. [In Search of What Is Behind the Gender Finance Gap. A Case Study of Four Latin American Countries](#). Aspen Network of Development Entrepreneurs.
- 28 JPMorgan Chase & Co. 2019. [The Gender Gap: Exploring Consumer and Small Business Financial Health](#). Accessed June 28, 2023.
- 29 OECD. 2021. [OECD Studies on SMEs and Entrepreneurship: Entrepreneurship Policies through a Gender Lens](#). OECD Publishing, Paris.
- 30 The authors defined small and growing businesses (SGBs) as shops employing four or more individuals. SGBs meeting this criterion were more inclined to introduce new products and maintain a written budget than smaller businesses in the sample.
- 31 Guta, M. 2020. [81% of Businesses See Revenue Boost from Corporate Contracts over Next 5 Years](#). Small Business Trends.

US dollars allocated for public procurement per year is awarded to women-owned businesses.³² In response, the Kenya government introduced the AGPO program to encourage underprivileged businesses, including those led by women, to apply for procurement opportunities.³³

Through qualitative interviews with various stakeholders, De Rochambeau and Meyer discovered that the AGPO program has the potential for a significant impact on businesses while recognizing its limitations. Business owners who won procurement contracts through the AGPO program reported subsequent successes in winning other contracts, which significantly boosted the revenues of their businesses and allowed them to create new jobs. However, **the researchers also identified a geographic disparity, with program beneficiaries primarily concentrated in urban centers such as Nairobi.** Businesses in rural and isolated areas, despite meeting the eligibility criteria, lacked access to the program. Moreover, according to the publicly released statistics, the program only disbursed 50% of the set target of funds to AGPO-eligible businesses in 2018 and 80% in 2020/2021, indicating room for improvement.

Recognizing this challenge, De Rochambeau and Meyer aim to maximize the program's potential by disseminating information about the AGPO program to women in rural areas. To achieve that goal, the researchers collaborated with Kenya's Council of Governors and UN Women in developing a handbook. The handbook's objective is to guide businesses through the administrative steps required to apply for procurement contracts, thus making the application process easier and more accessible for women entrepreneurs. To assess the impact of disseminating the handbook, the study will distribute it to half of the randomly selected geographical clusters, while the other half will serve as the control group without any intervention.

The conclusions of this study have not been drawn as the distribution of the handbook has not yet taken place. Nevertheless, one of the biggest challenges in the tender process mentioned by previous applicants is the lack of support in education and training.³⁴ Thus, providing assistance to interested entrepreneurs is a step in the right direction, but the effectiveness of a handbook in encouraging and empowering women entrepreneurs in rural areas to apply for the program remains to be tested.

32 Nam, N. 2021. [Gender and Equality in Public Procurement](#). *World Bank Blog*.

33 AGPO provides procurement opportunities to businesses led by women, as well as young people and persons with disabilities, but the funded project only focuses on supporting women-led businesses.

34 [Kenya's Efforts to Empower Women, Youth and Persons with Disability through Public Procurement](#). Hivos people unlimited. Accessed June 28, 2023.

Conclusion and Recommendations

This knowledge brief highlights several important findings regarding the effectiveness of accelerator programs, talent acquisition, recordkeeping and data collection, impact measurement and management, and support for women-led businesses. The research emphasizes the need for rigorous evaluation methods, such as RCTs, to assess the causal effects of accelerator programs on startup performance. It also underscores the value of incorporating specific skills assessments to predict worker performance and emphasizes the significance of recordkeeping, data interpretation, and access to information about comparable businesses for enhancing business performance. Furthermore, it underscores the potential financial benefits of impact measurement for investors and highlights the gender gap in accessing financial resources and participation in entrepreneurial programs. While many of these studies are ongoing and final conclusions have yet to be reached, the initial insights point to some important lessons for capacity development providers, donors, policymakers, and the research community.

RECOMMENDATIONS FOR CAPACITY DEVELOPMENT PROVIDERS

- + **Encourage entrepreneurs to hire outside of their traditional networks using validated skills assessment tools.** Acquiring the right talent is crucial for enhancing business productivity, especially for entrepreneurs in lower-income countries. As conventional networks limit access to talent, business owners need to discern reliable signals of applicant productivity during the hiring process to improve their businesses' performance and reduce hiring costs.
- + **Inform entrepreneurs of the benefits of recordkeeping and data collection and encourage such practices.** Many entrepreneurs in developing economies underinvest in collecting and learning from information about their products, market, and business performance. Existing evidence emphasizes the importance of thorough recordkeeping and utilizing data to design better business strategies, and new tools are in development to streamline these activities.
- + **Develop innovative approaches to support growth-oriented, women-led businesses.** Women entrepreneurs face challenges in accessing finance and participating in accelerator programs. Research evidence highlights the gender gap in accessing financial resources and the need for gender-sensitive approaches in entrepreneur support programs. Women-led businesses tend to be smaller in size and generate lower revenues due to limited access to finance, even within sectors that are predominantly operated by women.

RECOMMENDATIONS FOR DONORS AND POLICYMAKERS

- + **Support capacity development providers to continually test and improve their offerings.** Organizations that participate in research and measure the impact of their service offerings can make better decisions about how to allocate their limited resources
- + **Support organizations that adopt a gender lens to address gender disparities in entrepreneurship, irrespective of the focus industry or sector.** Cutting-edge research indicates that investors tend to disadvantage women not during the review of written finance applications³⁵ but rather during direct interactions with entrepreneurs, such as in pitch competitions.³⁶ This gender disparity persists across various sectors, even in industries where women make up the majority. Therefore, it is imperative to embrace a gender-lens approach across all industries and sectors to mitigate such disparities and create a more inclusive entrepreneurial landscape.

RECOMMENDATIONS FOR THE RESEARCH COMMUNITY

- + **Conduct further research to explore different types of accelerator programs.** This brief report sheds light on the limited evidence regarding the effectiveness of accelerator programs in enhancing business performance. While correlational analyses have been conducted, causal evidence is necessary to make action-oriented recommendations. The study featured in this brief provides insights into the causal effects of acceleration on specific outcomes such as presentation and business model, it is also important to understand which components of the accelerator model are most effective, such as peer learning, mentoring, and training.
- + **Develop more research on the benefits of measuring impact.** IMM has the potential to generate positive effects on both social and financial performance. However, there is a lack of studies examining the causal relationship between impact measurement and business growth. As many organizations report challenges in implementing IMM due to limited staff expertise and funding, evidence that demonstrates positive business outcomes can incentivize resource constrained enterprises to implement IMM in their operations. Therefore, further research is needed to uncover the benefits of IMM and establish its value proposition for organizations.

35 Ayalew, S., Manian, S., and Sheth, K. N/A. [Discrimination and Access to Capital: Experimental Evidence from Ethiopia](#). Working Paper.

36 Kim, S. 2023. [SGB Evidence Fund: Smarter systems: The Effect of investment organizations' evaluation practices on gender disparities in investment](#). The SGB Evidence Fund.



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