



ASHESI UNIVERSITY

**HOW CROWDFUNDED IMPACT INVESTING CAN BE AN ALTERNATIVE
FUNDRAISING STRATEGY FOR STUDENT ENTREPRENEURS:
A CASE OF ASHESI ENTREPRENEURSHIP ECOSYSTEM?**

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By

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Supervised by: Dr. Gordon Adomdza

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DECLARATION

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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Date: 27th April 2021

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidelines on supervision, laid down by Ashesi University.

Supervisor's Signature:

Supervisor's Name: Dr. Gordon Adomdza

Date: 27th April 2021

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ABSTRACT

Student entrepreneurship has emerged as an important topic in recent years. Entrepreneurial activities amongst students in universities and colleges seems to be high, though there is no reliable data to show the exact number of student entrepreneurs (Seymour, 2001). There are many examples of large companies that were started by students. Some notable examples of student entrepreneurs include Mark Zuckerberg (he created Facebook with his roommates from Harvard University), and Larry Page (co-founder of Google as a student at Stanford University). Even as entrepreneurial activity among students continues to rise, there is a surprising lack of scholarly research related to the topic of student entrepreneurship.

Ashesi University has a core mandate of producing ethical, entrepreneurial leaders, the number of student entrepreneurs from Ashesi seem to be increasing per year group. Interviewing a few students, as well as the researcher's own experiences in entrepreneurship, through the Ashesi Student Launchpad (ASL), one of the main challenges facing student entrepreneurs is that of funding. However, one of the main challenges facing student entrepreneurs is funding. This came to the fore, throughout interviews with student entrepreneurs and researchers.

The goal of this research was to explore how a crowdfunded impact investing strategy could be adopted as an alternative for student entrepreneurs- specifically student entrepreneurs of Ashesi University to support student enterprises which require funding to grow. Furthermore, this study explored the highlights and drawbacks of implementing a crowdfunded impact investing strategy as an alternative source of financing for Ashesi's student entrepreneurs.

Keywords: impact investing, crowdfunding, student entrepreneurs, funding, Ashesi

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LIST OF ABBREVIATIONS

FDE	Foundations of Design and Entrepreneurship
ASL	Ashesi Student Launchpad
AVI	Ashesi Venture Incubator
ABC	Ashesi Business Club
NEIP	National Entrepreneurship and Innovation Program
AEF	Ashesi Enterprise Fund
GIIN	Global Impact Investing Network
GDP	Gross Domestic Product
SDG	Sustainable Development Goals
UNDP	United Nations Development Program
BoG	Bank of Ghana

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Over the last few years, crowdfunding has become one of the preferred medium and platform for fundraising and financing purposes. It has proved to be an effective and simple approach to connecting individuals with the financial capability and individuals with skill (in this case, entrepreneurs). Crowdfunding has proved to be useful, thanks to the revolution of technology by the year (Agrawal, Catalini, & Goldfarb, 2011; Laubacher, 2012; Bryniolfsson & McAfee, 2014).

Impact Investing, like crowdfunding, is becoming more popular globally as well. There are a growing number of institutions that have openly adopted this terminology. According to the Global Impact Investing Network (2020), there are close to 1,720 organizations in the impact investing space- which is estimated to be worth USD 715 billion, by the end of 2019.

Impact Investing works with the same principles as equity financing. The difference between equity financing and impact investing is the type of returns each phenomenon receives. With equity financing, only financial returns are obtained, and with impact investing, financial returns are made in addition to social impact.

Crowdfunded Equity Financing platforms have become popular all around the world. There are platforms such as Kickstarter and many others, that combine the principles of crowdfunding and equity financing. Some projects on these platforms represent crowdfunded impact investing. In 2017, an equity crowdfunded platform, Rabble, began to focus on only impact investing (Tucker Bowe, 2017). All the projects Rabble displays on the platform, seek to provide investors with financial return whilst attaining some positive change in the society.

Rabble is still the only crowdfunded impact investing platform. Combining both concepts to create a suitable model/ technique is very new. Some literature suggests that a crowdfunded impact investing strategy is possible; especially for small businesses

(Sweinbacher, 2010). Many businesses around the world; are yet to develop a model that allows them to enjoy financial, social and environmental benefits, whilst having the ability to raise large sums of money. The idea of adopting a crowdfunded impact investing strategy helps to bring these broad aspects together, for the benefit of the business.

Ashesi University is one of Ghana's private universities that focuses on instilling the principles of entrepreneurship, citizenship and leadership. The university prides itself in producing the next generation of Africa's entrepreneurial leaders (Ashesi University, 2020). Every student of Ashesi is equipped with the right skills and knowledge to tackle Africa's problems, with innovative businesses and projects. Many student-run projects and/ or student businesses try to solve a social issue in the community whilst at the same time, gaining financial traction.

The Ashesi Entrepreneurship Ecosystem was put together to ensure that students have the right support to tackle their businesses/ projects. The ecosystem is made up of several bodies, including the Foundations of Design and Entrepreneurship (FDE) course, the Ashesi Startup Launchpad (ASL), Ashesi Venture Incubator (AVI), Ashesi Business Club (ABC), etc.

The Ashesi Venture Incubator seeks to help alumni businesses to adopt a hybrid business model. This means that these businesses must be profitable and still achieve some social and/ or environmental impact. The principles of the hybrid model are similar to that of impact investing. Adopting a crowdfunded impact investing strategy is potentially a very viable opportunity for the student/ alumni startups.

Locally, in Accra, the capital city of Ghana- a West African country with an estimated population of 29.6 million, in 2018 (World Bank, 2020)- entrepreneurship is a very popular sector for work. With a youth unemployment rate of 9.5% (World Bank, 2020) and the largest number of female entrepreneurs in Africa, there are diverse ways that crowdfunding and/ or impact investing could support young entrepreneurs.

Many businesses in Ghana are at the micro level; with a large population and limited access to financing and/or technology, crowdfunding (especially) has not been explored widely; although, there are a number of institutions set up to provide some support to these micro businesses (and larger businesses as well). These institutions are both public (for example, National Entrepreneurship and Innovation Program (NEIP), Venture Capital Trust Fund, etc. and private (Growth Mosaic, ISpace, etc.), none of them have adopted a crowdfunding approach.

The main aim of such institutions is to help businesses to overcome some of the core challenges when setting up a business- marketing, human resource and finance. Currently, crowdfunding is not typically used by these institutions; however, there are very few businesses that have adopted this financing scheme in Accra, primarily because of the fact that there is still very little information about impact investing in Ghana. Most often than not, financing for businesses is achieved from traditional fund-raising mechanisms- loans or grants provided by international donors, banks, foundations, large universities, family and/or friends, etc.

Just like the rest of the world, Impact investing is slowly building a reputation in Accra. There are many businesses that run with the principles of impact investing; however, they are not labelled as such. A very good example is Impact Investing Ghana; an organization that seeks to advocate for and support impact investing businesses. The companies in their portfolio follow the principles of impact investing, however, they do not add this title to the branding of the companies (Impact Investing Ghana, 2020).

Though a crowdfunded impact investing strategy may still be at its grassroots, there are many businesses worldwide that have adopted impact investing principles. Most of the student/ alumni businesses from the Ashesi Ecosystem share similar principles and goals as

crowdfunded impact investing. Therefore, it is important to explore introducing this strategy as a complementary or supplementary fundraising option for the ecosystem.

1.2 Background

Crowdfunding

A search for the definition of crowdfunding would show different angles and scopes of the phenomenon. To begin, crowdfunding has been derived from its root word “crowdsourcing.” One of the most recognized definitions of crowdsourcing is presented by Jeff Howe- a writer of the Wired Magazine.

Crowdfunding can be defined as an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/ or voting rights. (Kleemann et al., 2008).

Impact Investing

Impact Investing, just like Crowdfunding, is slowly gaining traction all around the world. The term “Impact Investing” was formally introduced in 2008 by the Rockefeller Foundation. Though the fundamentals of Impact Investing were already being practiced; it was under a different name. Many companies called themselves a double-bottom-line company or a triple-bottom-line company. Others preferred to use the term “Socially Responsible companies.”

Impact Investing has been received with open arms by many, however, there are quite a number of people against it. Investors strongly supporting this phenomenon believe that it is a great way to help the society and receive financial return (at the same time). They argue that this approach hides themselves from public/ media scrutiny. Investors against the impact

investing phenomenon argue that many funds/ businesses that require these funds are too risky. Thus, it is not profitable to invest (though society benefits from it).

The important question that many people have is, “What is impact investing?” According to the Rockefeller Philanthropy Advisors (2020), Impact investing seeks to generate social and/ or environmental benefits while delivering financial return.

Social impact

Like the name suggests, social impact looks at the improvement of the community. Simply put, social impact highlights the changes in the societal conditions of an area.

Social impact is a terminology used in many disciplines of life. Though there are many contexts that social impact falls under; there is an underlying element- improving the conditions of the community/ society.

Financial impact

Financial impact, in this case, refers to financial return. Financial return is one of the principal outcomes of impact investing (alongside social impact). Assumptions about impact investing state that financial return is most likely the secondary focus of impact investing while social impact is the primary. Arguments about this phenomenon suggest that impact investing focus on risk- adjusted financial return.

1.3 Problem Statement

Ashesi University is Ghana’s premier university that advocates for entrepreneurship and leadership. Throughout the four-year course, students are encouraged and equipped to start their own businesses. With that, the university has structured an ecosystem (The

Ashesi Entrepreneurial Ecosystem), to ensure that students have the right skills and support to effectively start and run a business.

The Ashesi Entrepreneurial Ecosystem is made up of various organizations, clubs and courses that include Foundations of Design and Entrepreneurship (FDE)- a freshman-year course dedicated to educate students on the various steps required, to set up a business- the Ashesi Startup Launchpad (ASL)- a student-run organization that supports student entrepreneurs with coaching, mentorship and financing to solve Africa's problems- and the Ashesi Venture Accelerator (AVI)- An initiative to support Ashesi alumni entrepreneurs with the support to scale and grow their businesses.

With all these facilities in place, students of Ashesi university are supposed to have the ability to solve a lot of challenges they may encounter in their community. However, one of the pressing entrepreneurial needs is financing. Currently, all the various organizations, clubs, etc. in the ecosystem are financed by the Ashesi Enterprise Fund (AEF)- with the exception of the AVI. The AEF raises funds through alumni and other stakeholders. The accumulated funds raised are distributed to the various parts of the ecosystem based on the entrepreneurs' need.

In 2016, Ashesi University had a total population of 671 students (Ashesi University, 2020). In 2017, the population grew to 870 students (Ashesi University, 2020). A difference of 199 students- with an arbitrary analysis of the figures, an assumption can be made that, at the beginning of every academic year, the student population grows by 200 students. As the population grows, the number of student entrepreneurs is bound to grow. This is because more people will be exposed to the principles and fundamentals of entrepreneurship.

The Ashesi Venture Incubator, since its inception, takes on an average 12 of businesses to nurture over a 12-month period. The AEF may be able to sustain the

financial needs of student entrepreneurs (for now). However, as the student population increases (and the number of entrepreneurs increase), the funding needs would ultimately grow. Therefore, there must be other alternatives/ supplements available to cater for the financial needs of these entrepreneurs.

This research paper seeks to explore crowdfunded impact investments as an alternative or supplementary source of funding for the ecosystem. Additionally, it will explore the steps required and the appropriate processes and procedures required to ensure that the Ashesi entrepreneurship ecosystem adopts a crowdfunded impact investing strategy, as an innovative, efficient and modern way of supporting student businesses.

1.4 Research Objectives

The main aim of this paper is to explore how crowdfunded impact investing can play a role in supporting student entrepreneurs. The sub objectives of the project are outlined below.

- “To determine the extent to which traditional funding options can be complemented by a crowdfunding strategy.”
- “To determine the environmental, social and financial impact that adopting a crowdfunded impact investment strategy could offer.”
- “To recommend strategies to implement an effective and simple crowdfunded impact investment strategy model.”

1.5 Research Questions

This research study seeks to answer a few questions that have come to the fore from the research objectives. These questions include

- What are some of the factors that facilitate the implementation of a crowdfunded impact investing strategy?
- What are some of the drawbacks that are experienced in implementing a crowdfunded impact investment strategy?
- Can a crowdfunded impact investment strategy be managed properly?
- Are people interested and willing to trust the process of creating and executing a crowdfunded impact investment fund?

1.6 Significance of the study

According to the Global Impact Investing Network (2020), USD 430 million has been deployed by a total of 32 Impact investors in Ghana- indirectly. There are a lot of funds available to businesses that are ready to adopt impact investing. A suitable and simple approach to adopting this strategy will be explored in this research study; potentially providing an avenue for many institutions and businesses to adopt.

Primarily, this study aims to uncover the relevant information needed by the Ashesi Entrepreneurship Ecosystem, and other stakeholders in the entrepreneurship space, such as accelerators, incubators, private equity managers, entrepreneurs, etc. to implement alternative funding structures.

It also seeks to show that adopting a crowdfunded impact investing strategy will be beneficial to all. The benefits of this strategy may see a well-structured and appealing entrepreneurial space that encourages many more to participate in which can also be a propelling factor in improving the economy in the near future.

Finally, this research paper seeks to make additions and improvements to the body of literature on crowdfunding impact investing; specifically, in the local Ghanaian context. The paper seeks to explore the compatibility of the said strategy in the Ghanaian context. Most

importantly, this paper will be a guide for future academics (students and researchers) who attempt to expand the body of knowledge on this topic or defend a particular piece of information shared in this piece of work.

1.7 Organization of the study

This research paper would be divided into 5 main parts- the introduction, literature review, methodology, analysis and summary/recommendation. This chapter, being the first, explores the research question, research objectives, the background, significance of study and problem statement.

The next chapter is the literature review which examines and dissects existing papers and other literary work; that have contributed to the said topic- crowdfunded impact investment.

The third chapter lays out the methodology used to carry out this research paper. This paper is heavily dependent on qualitative data/ research; therefore, the chapter highlights the step-by-step approaches, used throughout the study to collect and analyze information. This includes highlighting the target population, research tool, research design techniques, data collection methods, amongst others.

The fourth chapter reveals all the findings, and new but relevant information that this study has identified. Specifically, the chapter details all the processes, analysis and results, derived from the research study.

The last chapter contains the conclusions and summary. The main (and important) findings from the research identified from the research. In addition to that, all the recommendations and conclusions of the research are outlined in this section.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, various literature on crowdfunded impact investing and the effective ways of implementing such a fund are explored. The chapter has been organized into two main sections. The first section introduces the concepts of five important variables that affect the implementation of a crowdfunded impact investing strategy. The second section is a conclusion, containing a summary of the lessons from the various literature, the relevance of this study and the gaps (this research study) seeks to fill.

2.1 Conceptual Framework/ Model

To understand the dynamics and flow of crowdfunded investment strategy, a model developed by Alan Tomczak and Alexander Brem (2013) was used. This model highlights five main parts that are very important to our study. These are the types of funding model, the reward modes, the investment types and securities determination. The inclusion of all these five parts; make this model an authentic model for an effective funding strategy. The relevant stakeholders identified through this model are entrepreneurs, finance professionals, investment advisors, university/ college officials, politicians and regulators.

2.2 A conceptualized investment model of crowdfunding

This model helps to qualify a crowdfunding investment model as a replacement or supplementary strategy to traditional investment models for fundraising (for entrepreneurs). This model examines the role of both the investor and investee in raising funds (Tomczak & Brem, 2013). In this case the investor can be a (registered or unregistered) individual or institution; the investees are the entrepreneurs.

The five parts of the model (identified and highlighted) are the types of funding models, the reward modes, the investment types and the securities determination. The model was developed using a flowchart; the five parts to the model have been outlined in the flow using the traditional START and END terminals. This flowchart system for business analysis is referred to by business analysts as a process model (Rosemann, 2006, 250). The process model used in this case was created using a functional perspective that represents the activities that are performed (Giaglis, 2001, 212).

The types of crowdfunding and funding models: The model starts with an introduction to the two types of fundraising in crowdfunding- Indirect and Direct Crowdfunding. According to Tomczak & Brem (2013), Direct funding is when the fundraiser makes a direct appeal to a specific audience via their own fundraising platform or to their own supporters. Indirect funding, on the other hand, is the general appeal for funding to the general public (Tomczak & Brem, 2013). This model introduces these two types of fundraising, to show and advise fundraisers on their options in the crowdfunding space- crowdfunding can be done using intermediaries or developed by the fundraiser. Though the success of the crowdfunding campaign is relative to various factors (such as the amount raised per round, the number of contributors, etc.), some platforms have projected some metrics to assess the success of a crowdfunding campaign. According to Crowdcube- a British crowdfunding platform- an average of 72 investors must pledge/ contribute to a particular campaign: to be successful.

A look at the funding models outlined in the stated model, shows the two main funding models- ex ante and ex poste facto. According to Kappel (2009, 375), the Ex Poste Facto is explained to be a mode of funding whereby investors receive a final product in exchange for their financial support. On the other hand, Kappel (2009, 375) explains the Ex Ante funding model when financial support from investors are given on the front end to assist

in achieving a mutually desired goal. The presentation of both models gives the opportunity for investees to determine the sort of relationship they prefer to have with potential investors. This is also to debunk the notion that ex-ante funding is the only funding model practiced (Burkett, 2011, 63).

The rewards mode: The four payout modes available are All or Nothing, All and More, Holding and Club Membership.

The types of investment: This model suggests that there are four modes of investments. These are active investment, passive investment, donation and “other.” Each type of investment is characterized by certain investments that an investor can enjoy.

Securities Determination: At this final stage of the model, the investor has to make a decision on his/ her returns. Once the investor receives some exemption (based on the type of securities s/he had invested), the investor may re-invest his/ her money. However, if there are little to no exemptions, the return derived will be very small or negligible.

In summary, the Conceptualized investment model for crowdfunding helps assess a new approach to fundraising. It details a flow of processes that may work coherently, establishing a crowdfunded investment strategy- with no negative influences/ injections. The next section explores the five sub-groups that the research study has been split into- legal issues, social impact assessment, the impact investing phenomenon and the roles/ forms of crowdfunding- in no particular order. The framework is presented in the model below.

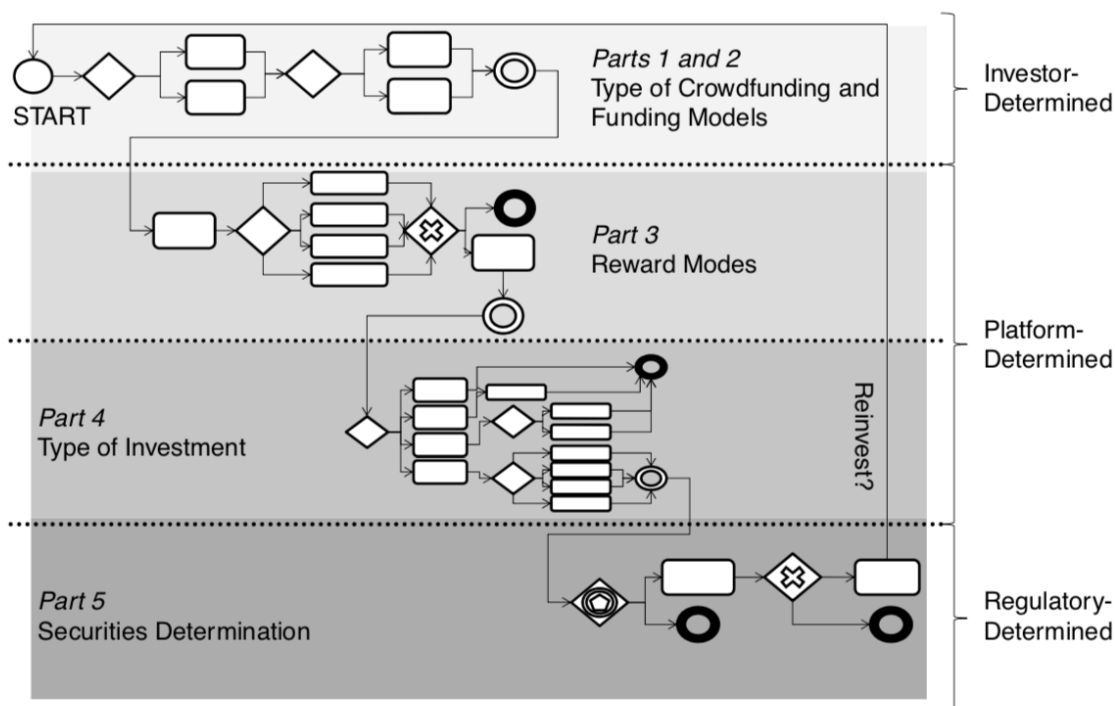


Figure 1: Conceptual Framework
 Source: Tomczak & Brem (2018)

2.3 Social Impact Assessment

People all around the world are interested in social impact. Though social impact was strongly used in other fields of study such as economics; more attention is being placed on social impact in business and entrepreneurship in recent times. With current juxtapositions between social enterprises and for-profit businesses, social impact has become a very relevant subject, in the modern world (Shaw & Carter, 2007). Social impact is the measure used to bridge the gap between the principles of for-profit businesses and that of social enterprises- as there are more for-profit businesses that aim to achieve social impact.

Social Impact can be defined as “the consequence to human populations of any public or private actions that alter the ways in which people live, work, play, relate one to another, organize to meet their needs and generally cope as members of the society. The term also includes cultural impact involving changes to the norms, values and beliefs that guide and rationalize the cognition of themselves and their society” (International Committee on

Guidelines and Principles for Social Impact Assessment, 2003). This broad definition can be grouped into two- social change and human impact. Many works of literature have tried to find the relationship between these two broad concepts. According to Vanclay (2002), these two concepts have a strong relationship that affects the measurement of social impact.

The measurement of social impact is very subjective. This is because this concept cannot be measured numerically (most times). Social impact is measured qualitatively with some metrics set up by the interested parties. Even with this, Becker (2001) explains social impact assessment as the process of identifying the future consequences of a current or proposed action which are related to individuals, organizations and social macro-systems.

2.4 The Impact Investing Phenomenon

As explored in Chapter one, Impact investing involves investing with the hopes of making social impact and financial value. Though this phenomenon was already in existence in some companies (the double bottom line), impact investing has been a relatively new phenomenon. According to Freireich & Fulton (2009), the goal of impact investing is to ensure that there is a positive relationship between philanthropic aims, government action and profit-seeking investments.

Though the trend of impact investing is slowly catching on (since its official introduction in 2007), many investors are still skeptical about it. According to Bugg-Levine & Emerson (2011), some investors define impact investing as below-market-rate investments that trade for financial return for social impact.

2.5 Legalities

Every country has a set of rules/ regulations to govern the ways of the people and also, to control its citizens. These rules and regulations are known as “law.” According to

Cummings, et al. (2006), legal structures impact the rights and protections of parties and distribution of financial outcomes under various states of the world.

Therefore, a crowdfunded impact investing strategy will be successful in a country that has regulations that do not negatively affect investors (both international and local). According to Cummings, et. al. (2010), cross-country differences in legality, including legal origin and accounting standards, have a significant impact on the governance structure of investments. This is the main reason for different jurisdictions having different investor interests.

Though at times, this may seem like a huge barrier in some countries, there are many ways/ techniques available to reduce the legal burden of accounting and/ or investing. The conceptualized model explored into detail in this research paper, sheds more light on the legal environment in Ghana, as pertaining to crowdfunding.

2.6. The user roles of crowdfunding

For every crowdfunding initiative, there are three main user roles (Tomzcak & Brem, 2013). These roles are the intermediary, the fundraiser and the crowd. The intermediary serves as a matchmaker between funders and promoters (Burkett, 2010, 68). Next are the fundraisers. Fundraisers get direct access to the market and to gather financial support from interested supporters (Ordanini et al., 2009, 5). Lastly, the crowd are the people who decide to financially support businesses, bearing high risk and expecting some returns (Ordanini et al., 2009, 5). For a very successful crowdfunding initiative, all three users must work coherently and effectively.

2.7 Lessons Learnt from Literature Review

From all the discussions and thoughts expressed in the literature review above, a crowdfunding (impact) investing strategy may be a viable supplementary model for fundraising. This phenomenon can be practiced for many different businesses- regardless of their core structure of for-profit, social impact or in-between.

To ensure that a crowdfunded investment model is used to replace and/ or supplement the traditional forms of fundraising, certain legal issues have to be solved. Regulations and laws tend to vary from country to country; thus, it is important that the crowdfunded investing model, which is developed, suits the laws of Ghana. The importance of this cannot be underestimated, as legal issues can make or break the successful implementation of the model.

Crowdfunding is a space and/ or platform that is growing rapidly worldwide. Though the Ghanaian market has not fully caught-on to this brilliant fundraising platform for businesses, it is envisaged that crowdfunding investments will slowly (but surely) be a significant source of funding comparable to traditional fundraising.

2.8 Gaps in Literature

All the existing literature reviewed in this chapter, explored various aspects of a crowdfunded (impact) investing strategy as a replacement/ supplementary tool for fundraising. However, the literature did not explore countries like Ghana or countries with similar economic characteristics as Ghana. Although a lot of the flow of processes in the crowdfunded investment model; can be replicated in any country around the world, a case study in a Developing country would have helped.

This research seeks to highlight the importance of crowdfunding impact investing in Ghana- specifically to the Ashesi Entrepreneurial Ecosystem. This research seeks to explore

the drawbacks and (possible) effects of implementing and/ or creating a crowdfunded impact investing strategy to replace and/or complement traditional fundraising techniques used in Ghana (the Ashesi Entrepreneurial Ecosystem). To help in this process, this thesis aims to provide a blueprint, containing all the relevant information to successfully implement a crowdfunded impact investing strategy in Ghana, specifically the Ashesi Entrepreneurial Ecosystem.

CHAPTER THREE: METHODOLOGY

3.1. Objective of Research

The main aim of this paper is to understand how a crowdfunded impact investing strategy works and the necessary steps required for its implementation by the Ashesi Entrepreneurship Ecosystem. The chapter is dedicated to unveiling how the research will be done. It details the scope of study; the research designs the targeted population. The chapter then sheds more light on the sampling procedures, data collection procedures, and the sources of data.

3.2. Scope of Study

The main focus of this project was to understand how Ashesi University can adopt a crowdfunded impact investing strategy as an alternative or complementary fundraising strategy for student entrepreneurs. With this mandate, the target population for the research was 5 impact investing companies, based in Accra, and 20 student entrepreneurs from the Ashesi's Entrepreneurial Ecosystem- namely the Ashesi Student Launchpad and the Ashesi Business Club. With COVID-19 pandemic, data collection/ research was going to be limited to virtual meetings, via Zoom. However, the research study has been limited to contributions from 3 companies due to availability and timing constraints.

3.3. Research Design

The research design is the detailed plan of the research process. Under this section, the sampling procedure and data collection processes are outlined. To carry out the study, the researcher used qualitative research methods. This helped to expose the experiences, beliefs and thoughts of the target population. With qualitative research tools, it was easier to get in-depth knowledge and understanding of the respondents. The tools of qualitative research

commonly used include focus groups, interviews and case studies. In this research, semi-structured interviews were used. Semi-structured interviews are heavily reliant on the use of probing, open-ended questions. This research tool allows for more insightful knowledge from respondents. Therefore, this tool helped me to understand and identify the underlying thoughts of respondents.

3.4. Sources of Data

For this research, both primary and secondary data was used- leaning more to the primary data. Primary data was collected from the 3 impact investing organizations. The research considered interactions with 3 organizations with experience in impact investing (and crowdfunding). These organizations were the GIMPA Center for Impact Investing, Mirepa Advisors and Annan Capital Partners. These companies were selected based on availability of personnel, experience in the impact investing and/ or crowdfunding space. Below is a brief profile on these companies.

The GIMPA Center for Impact Investing is a non-profit research institute that seeks to provide advocacy, research and support services in the area of impact investing in Ghana. The Center, in addition to its main functionalities (listed above), help impact investing-focused companies with raising capital, providing educational seminars on impact investing and aiding in the development of frameworks on impact investing (The Aspen Institute, 2020).

Mirepa Investment Advisors aims to create sustainable value in West Africa for their clients (Mirepa Global, 2021). The firm is able to achieve this, through impact investing and cross border trading. According to Mirepa Global (2021), the firm's vision is to become the partner of choice for impact investments in West Africa, delivering the best returns and hit rates for their investors.

Annan Capital Partners is an investment advisory firm that focuses on industries such as energy, health, education and real estate. The advisory firm helps a vast number of clients including some seats of governments, family offices, institutional investors and high net-worth individuals and families (Annan Capital Partners, 2021). The firm aims to bridge the gap between investors and investment opportunities by identifying impact investment opportunities and sustainable markets all across Africa (Annan Capital Partners, 2021).

Mirepa Investment Advisors and the GIMPA center for impact investing are two organizations that advocate for impact investing in Ghana. These two organizations are well-equipped to aid in my research/ data collection: as well as, and are likely to lend their support, with the implementation of this new strategy in the Ashesi Entrepreneurship Ecosystem.

Under the Entrepreneurship Ecosystem, there is the Ashesi Business Club and the Ashesi Student Launchpad (ASL). The Ashesi Business Club holds the official database of student businesses in Ashesi University. Close to 25 entrepreneurs are currently on the database. The ASL has helped close to a similar number of entrepreneur, with financing and/ or other advisory services that the organization offers. Lastly, the opinions and thoughts of a few student entrepreneurs were expressed in this research.

Secondary data such as news articles and journals were used to gain more information about impact investing. Both sources of data were considered in this research as it helped the researcher ensure that all information gathered was accurate and relevant to the study.

3.5. Sampling Strategy

A non- probability sampling strategy was used to select the students. Due to constraints such as time and restriction of movement (due to the COVID-19 pandemic), the students were selected based on their availability. A similar strategy was adopted in selecting

the companies for the research. In each of the companies, the interviewees held senior management roles- they had all the relevant experience(s) about impact investing and crowdfunding space in Ghana.

3.6. Data Collection Tools

Data collection occurred between February to April of 2021. Before the research began, a research guide was designed, and this was used for collection of data. The questions asked in the interview were carefully constructed to address the research objectives; and gather more information on the crowdfunding and impact investing space- based on the trends that were identified from the literature review. The interviews allowed the respondents to discuss and share their views and opinions, without any restrictions. All the interviews were conducted via Zoom; due to the restrictions as a result of the COVID-19 pandemic.

3.7. Research Procedures

For all the interviews that took place, preliminary communication occurred between the researcher and the respondents, via phone call and email. Introduction of the study was done via email for all three companies. Using this communication method, the interview date(s) and time(s), were secured. Once all the company representatives had consented and confirmed an appropriate date (and time), the researcher collected all the relevant data.

The respondents from all the companies were a part of the senior management. Specifically, the respondents from 2 of the companies were CEOs. The interviews lasted between 45 minutes to an hour. Only one of the interview sessions were recorded- and later transcribed for further analysis. There were no recordings from two interviews; notes were taken- this was at the request of the respondents.

3.8 Data processes and analysis

The responses from the interview were reviewed and analyzed using thematic analysis. This method of analysis helped to identify and explore the key variables in the research questions that were relevant for the study. All the data was transcribed from the interview recordings. These documents were analyzed carefully to understand the perspectives of the respondents, through the respondents' answers. Mainly, the interviews were read and analyzed several times to ensure that all the relevant information and conclusions for the study had been sifted out, and the research objectives and questions were answered. In the process of analyzing, the need for clarifications and confirmations was identified and emails were sent out to the interviewee to this end. Through the insight and understanding gained, the data was grouped under themes for analysis.

3.9 Ethical concerns

The generally recognized code of ethics was strictly adhered to. The respondents knew that their privacy was respected, if any case, they wanted to refrain from answering any questions. The confidentiality of the responses and the anonymity of the respondents were ensured; the data gathered was used only for research purposes.

CHAPTER 4: RESULTS & ANALYSIS

4.1 Introduction

This chapter seeks to present and analyze the results from the research findings. This chapter has been segmented into two: the first section presents the findings, and the second section is dedicated to discussing the findings. The findings have been grouped into four categories: the current state of the crowdfunding and impact investing space, the adoption of a crowd-funded impact investing strategy at Ashesi, the challenges of the crowdfunding and impact investing space and the future of a crowd-funded impact investing strategy.

4.2 Framework for Analysis

In this section, the framework used to present and analyze the findings is introduced. The framework links the objectives of this project to the themes and sub-themes derived from the analysis. Alongside this, direct quotes from the interviewees are present. The table below shows the framework for analysis.

Objective	Theme	Sub-Theme	Direct Quotes
To determine the extent to which traditional funding options can be complemented by a crowdfunding strategy.	The current state of the crowdfunding and impact investing space.	The growth of crowdfunding.	- "I knew that crowdfunding was slowly picking up... a few months ago, BoG passed a law." - "Crowdfunding, here in Ghana, is mostly used for other purposes. Recently, (all over the news and social media), there was a crowdfunding campaign to

			<p>support a little who needed surgery.”</p> <p>-“When someone starts a business, the first financial support is received from family and friends. This, in my opinion, is a form of crowdfunding.”</p>
		<p>The growth of impact investing.</p>	<p>- “I have worked with many investment advisors and they do not have a clue nor understand what impact investing is.”</p> <p>-“You see, impact investing is very new in Ghana, the people do not know about it; we must educate them.”</p> <p>-“The middle class must be encouraged to support this new principle. They have the power to change impact investing in Ghana.”</p>
<p>To recommend strategies to</p>	<p>The adoption of a crowdfunded</p>	<p>Implementing a crowdfunded</p>	<p>-“Mind you, Ashesi as an institution has a solid brand. The university is</p>

<p>implement an effective and simple crowdfunded impact investment strategy.</p>	<p>impact investing strategy</p>	<p>impact investment strategy.</p>	<p>known to produce great students and entrepreneurs. It will be easy to raise funds on the back of this brand.”</p> <p>-“...the student community, you know each other better. It is easier to get students to support other student ventures.”</p>
		<p>Sustaining a crowdfunded impact investing strategy.</p>	<p>-“The alumni has the power to ensure the sustainability of this strategy.”</p> <p>-“Involve the alumni and other members of the community. With that you can raise funds to support the businesses, after the pre-seed and seed rounds.”</p>
<p>To determine the extent to which traditional funding options can be complemented by a</p>	<p>The challenges of the crowdfunding and impact investing space.</p>	<p>Challenges of the crowdfunding space.</p>	<p>-“You know how Ghanaians are! They do not like exploring new things at all.”</p> <p>-“I’m hoping that with the lessons learnt from</p>

crowdfunding strategy.			COVID-19, many entrepreneurs would take on the risk of adopting new strategies such as these.”
		Challenges of the impact investing space.	-“I think Ghanaians would only jump unto this when incentives are set in place; which is what they like-incentives.” -“Some advisory firms we work with are scared to adopt impact investing because the practice is not common in Ghana.”
To determine the extent to which traditional funding options can be complemented by a crowdfunding strategy.	The future of the crowdfunding and impact investing space.	The future of the crowdfunding space	-“Imagine the breakthroughs in entrepreneurship if crowdfunding is accepted!” -“With education and a few risk-takers like myself, I believe that slowly we would get there.”
			-“It will be nice to get to a point where impact

		The future of the impact investing space.	investing is recognized for its contributions to the Ghanaian society.” -“Personally, I think impact investing is the future. I hope we (Ghana) recognize that!”
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Table 1: Framework for analysis

4.3 The Current State of the Crowdfunding and Impact Investing Space

In this first category, the current condition of the crowdfunding and impact investing space in Accra. This category was analyzed under two lenses- the growth of crowdfunding and the growth of impact investing.

Data gathered from the interviewees suggests that the crowdfunding and impact investing space has been a relatively new phenomenon in Accra. There are very few investment advisory firms or companies that focus on adopting crowdfunding or impact investing. However, there has been a sharp increase in the adoption of crowdfunding by individuals in the society.

Additionally, there has been an increase in crowdfunding activities towards personal projects. This has necessitated a response from the central bank. The Bank of Ghana (2021) released a statement acknowledging the adoption of crowdfunding in the Ghanaian society. The statement recognized the increased activity of fundraising for personal projects, for example, fund raising for tuition, medical operation, etc. through the payment platform, mobile money transfers. The Bank of Ghana has approved and passed a policy in support of

crowdfunding. Since the policy been passed, there have been a number of crowdfunding projects highlighted by the media.

Impact Investing, on the other hand, has faired differently as compared to crowdfunding. Impact investing is quite unpopular in Ghana, more so in Africa; this may be attributed to the community not being very open to new things in the financial space. The attitude of non-financial advisors and investors towards impact is very passive. Due to the response of these groups, impact investing has not made much progress in Ghana. However, there have been some companies (and support) for impact investing in the past few years- for research and promotion, currently, there are 32 active impact investors in Ghana (GIIN, 2015).

Though there has been a low patronage/ adoption of impact investing, there is a lot going on in the space. Impact capital (directly supporting small business) totaled \$1.7 billion (GIIN, 2015). This amount was 0.27% of Ghana's GDP in 2014. With this amount of capital flowing in, the Government of Ghana noticed this novel investing technique and tried to embrace it. Impact investing in Ghana is fueled primarily on foreign sources of income (GIIN, 2015). This point was reiterated severally by one of the interviewees of the research. With the 32 active impact investors in Ghana, only 8 of them have local presence. This represents 25% of the impact investors supporting activities in Ghana. This impact capital had contributed indirectly \$430 million to local businesses (GIIN, 2015). The representation of impact investors in Ghana is shown in Figure 2 below.



Impact Investor Types

	With local presence	With no local presence	Total
DFIs	4	4	8
Non-DFIs	4	20	24
• Fund Managers			21
• Foundations			3

Figure 2: Representation of Impact Investors with a local presence in Ghana
 Source: Dalberg Analysis (2015)

Although impact investing is increasing in monetary terms, there is low local participation. This may be due to the low knowledge of impact investing and its contributions in the Ghanaian society. Many of the foreign donors infuse large sums of money to help small to medium scale business and projects. However, entrepreneurs and small business leaders are not focused on the impact investing principle- only the funds for the project.

Though impact investing is openly used by international donors and foundations such as The Ford Foundation, the society is still not open to the principle- despite efforts by certain groups and the Government. Organizations such as The Ford Foundation, use impact investing as an approach to tackle the Sustainable Development Goals (SDGs) in various countries. Dr. Xavier de Souza Briggs, the Vice President in charge of Economic Opportunities and Markets at Ford Foundation, in a UNDP SDG Philanthropy Platform in Ghana mentioned that impact investing is important for resource mobilization to ensure that

the SDGs are attained (UNDP, 2018). This statement outlines the motive underlying most foreign organizations investing in Ghana. Motives for local organizations can therefore be expanded on and explored; to improve impact investing in Ghana.

With this understanding of the current state of the crowdfunding and impact investment space, the growth of the crowdfunding space will be analyzed.

4.3.1 The Growth of the Crowdfunding Space

According to the literature review, crowdfunding is successful when the fundraiser targets a certain group of people to raise funds for a particular business or project. With the understanding of the current state of crowdfunding and impact investment space, the growth of the crowdfunding space was analyzed.

Our participants were quick to point out a very important point during the interviews. Crowdfunding is a principle that is slowly being adopted by the Ghanaian market. A large number of people use crowdfunding for personal reasons. Entrepreneurs move from person to person, in their close circle, receiving various amounts of money, to develop their project or business idea. One interviewee added that many businesses raise capital funds through family and friends. In the interviewee's opinion, this type of fundraising is a type of crowdfunding for businesses, and as such this had growth potential if the relevant legal and operational frameworks are developed.

4.3.2 Growth of the Impact Investing Space

All the representatives of the companies that were interviewed had very important opinions about impact investing. All the interviewees agreed that impact investing is very new all around the world, but most especially in Ghana. There were few organizations, funds and investors that embrace the concept of impact investing in Ghana.

According to one company, impact investing can grow in Ghana only when there is a lot of education about it in the society (especially in the middle class). Ghana's middle-income class is slowly growing to be the largest. This group was largely seen to make a lot of financial and monetary decisions; and was identified as the cluster of people with significant pool of funds to grow impact investment- this would be achieved by highlighting the role and importance of growing impact investors. However, another suggestion made by the representatives of one the companies interviewed emphasized the possibility of using education through schools and other private initiatives, as a tool to initiate the conversation of impact investing. Additionally, the growth of impact investing could be accelerated if Africans in the diaspora were specifically targeted.

4.4 The Adoption of a Crowdfunded Impact Investing Strategy

This category explores the process of adopting a crowdfunded impact investing strategy. This analysis was done in two main sections namely: implementing a crowdfunded impact investing strategy at Ashesi and maintaining a crowdfunded impact investing strategy at Ashesi.

A crowdfunded impact investing strategy is a platform whereby entrepreneurs raise funds for their business or platform online. On the platform, individuals can contribute small amounts of money- expecting some societal impact and/ or financial impact in return. This strategy combines the main functionality of crowdfunding and impact investing, to create a working strategy for entrepreneurs.

Crowdfunded impact investing is a fairly new concept and has been adopted on very few platforms, in very few cities across the world. This strategy comes in various models and/or dimensions depending on the factors below

- a. Type of crowdfunding

- b. Mode of funding
- c. Payout modes
- d. Modes of investment, and
- e. Rewards

These five factors are evident in the model explored in the literature review: exploring crowdfunding.

Bandstocks is a music label operated from the U.K. by Civilian Industries PLC. This label has adopted a crowdfunded impact investing strategy to help budding musicians. Fans or individuals invest small amounts of “Bandstocks” until a targeted amount of money has been obtained. Civilian Industries PLC, through its subsidiary Albumco, allocates the money to various projects to help the budding artists. In return, not only are investors (the fans in this case) helping the people in the community, but they also get free records and other items and gifts from the label.

With an understanding of a crowdfunded impact investing strategy (and an example of the strategy used in the UK); implementing a similar strategy at Ashesi was explored.

4.4.1 Implementing a crowdfunded impact investing strategy at Ashesi

All the participants interviewed agreed that a crowdfunded impact investing strategy was an interesting and viable addition to fundraising. They confirmed that impact investing was used, mainly to obtain larger pools of funds from foreign donors or partners towards specific projects- at a later stage of business (other than the seed round).

Exploring the implementation of a crowdfunded impact investing strategy in Ashesi, the interviewees were of the view that, it will be a risky venture if the platform is managed internally by the students and entrepreneurship ecosystem (though a great option). For a

successful crowd-funded impact investing strategy, the platform must be presented to the public as a collective initiative by the university.

Implementing such a strategy would mean that entrepreneurs (specifically social enterprises or businesses running a hybrid business model) in the Entrepreneurship Ecosystem, would seek small amounts of money via a platform (crowdfunding) managed by the university. Investors on the platform would support the entrepreneurs financially, and in return the investors would receive some rewards such as shares in the company, money, etc., as well as direct impact on the community.

One participant highlighted that having a crowdfunding platform set up by Ashesi University would yield more substantial donations because of the brand the university has built. The respondent continued by saying that, by drawing on the brand, it will be easy to raise funds because people trust the caliber of students Ashesi University produces and they would want to be a part of the narrative- their funds helped an Ashesi student who would potentially change the country, Africa and/ or the world.

On the other hand, there could be a crowd-funded impact investing strategy that is run internally- managed by students and the Ashesi Entrepreneurship Ecosystem. In this case, student, faculty and staff make small contributions on a daily, monthly or quarterly basis. The funds could be managed by the Entrepreneurship Ecosystem under the Ashesi Entrepreneurship Fund (AEF). Student businesses could apply to receive these funds and in return, the AEF would have some shares in the business- and with the help of the facilities provided by the Entrepreneurship Ecosystem, social impact could be guaranteed. These funds could be restricted to only the pre-seed and seed rounds.

One interviewee stated that this internal approach is a great idea because students (and Ashesi's community) know themselves well. This community approach would reduce a lot of risks specifically idiosyncratic and default risks as it will be easy for students to identify

students with an entrepreneurship drive. Secondly, students and other community members share common sentiments with student entrepreneurs, and this would be a positive check on the entrepreneurs. The community would like to be a part of a business's success story.

Though the idea of a crowdfunded impact investing strategy was welcomed by all three companies, the participants were quick to identify some of the risks associated with the implementation of the strategy.

The first risk identified was that of the inadequacy and unavailability of funds given a situation where there were many deserving student entrepreneurs. Specifically, could the Ashesi community raise a large enough fund that can cater for a majority of the entrepreneurs needs- especially at the seed stage? Ashesi University encourages entrepreneurship; the number of students that would be interested in such an offer would be increasing per semester.

The second risk identified was the ability to identify appropriate structures and systems that would ensure the success of these ventures. They emphasized the importance of the success rate of the ventures that are invested, which is directly linked to the selection of average (or above- average) ventures. The success and failure of these ventures could inspire or deter the members of the investor community. To minimize this risk, they advocated for some facility for other rounds of financing apart from seed rounds and/ or pre-seed rounds, that the strategy focuses on.

With the risks of implementing a crowdfunded impact investing strategy internally outlined, the next section explores possible routes to overcome these risks and maintain the strategy for the long run.

4.4.2 Maintaining a Crowdfunded Impact Investing Strategy

To ensure the success of the strategy, there needs to be a lot of planning and forecasting. Though it may take a while to be adopted, the potential for this strategy changes the world of entrepreneurship for not only Ashesi University, but entrepreneurship in Ghana and beyond. The implementation of this strategy would set Ashesi University apart across the world.

Suggestions raised by the companies to maintaining this strategy would involve the entire Ashesi community- including past and present students. One interviewee suggested that the alumni adopt a similar crowdfunding approach to raising funds for the AEF. The alumni funds could be dedicated solely for pre-seed and seed round funding. This would help with the sustainability of the student businesses- thus having a direct impact on the crowdfunded impact investing strategy.

Secondly, the companies advised that a parallel program could be created, expertly combining all the resources (and organizations) under the Ashesi Entrepreneurship Ecosystem, to help these businesses with strategy and management support. This would help in building investor confidence and ensuring the efficient use, and the allocation of funding. Consequently, it would also ensure that all the businesses selected into the program utilize funds properly.

Finally, an interviewee quickly raised the need for targeting and focusing funds on specific industries. She was quick to stress that for the longevity of this alternate model, it should begin with one industry- a fast-growing industry; to focus on a niche, to grow the model, then other industries can be added with time.

4.5 The Challenges of the Crowdfunding and Impact Investing Space

Like every other phenomenon in the world, risks and challenges are unavoidable. Throughout the literature review, it was highlighted that the crowdfunding and impact investing space faced a lot of legal issues and/or challenges, however, the contrary is evident in Ghana. In fact, it is legal to practice both principles in Ghana at the moment. Discussions from the interviews confirmed this finding.

To explore the challenges better, this section would be analyzed in two sections- the challenges of the crowdfunding space and the challenges of the impact investing space.

4.5.1 The challenges of the crowdfunding space

Crowdfunding has been recognized all around the world but only recently in Ghana. In February 2021, the Bank of Ghana recognized crowdfunding, following the increase in similar activities via payment platform, Mobile Money Transfer. It was observed that since the recognition of the principle, many individuals have publicly adopted it for personal reasons such as support to pay for surgeries and other health related problems as well as for support for education.

One interviewee mentioned that though crowdfunding is slowly catching on, the Ghanaian community would have to explore the principle a bit more before entrepreneurs could benefit from it. However, as crowdfunding is being adopted for more personal reasons, the society would try it for many other circumstances, before adopting the principle for entrepreneurship. The participant attributed this to the conservative nature of the Ghanaian people- there are very few people in the society that are willing to take on the steps to pluck out the knots and fill the loopholes.

Another interviewee, however, suggested that naturally the Ghanaian society would have taken a longer time to adopt this principle; however, the COVID-19 might quicken the

pace. The COVID-19 pandemic took the world by storm. This unexpected pandemic shut down many economies and businesses worldwide. This has forced many people (and businesses), to find other alternatives to the way business is done and have had to adapt to a new normal. Crowdfunding could become one of the alternatives for many businesses to adopt at various stages of the business, if the Ghanaian society were compelled to change because of the effects of the pandemic.

With the understanding of the challenges of the crowdfunding space, the next section seeks to analyze the challenges of the impact investing space.

4.5.2 The challenges of the impact investing space

Similar to crowdfunding, impact investing has not been adopted by many businesses or investors. All the interviewees were quick to say that there is little to no knowledge on impact investing in the country. Many investors are not advised by their investment advisors on this principle because the advisors do not know about them.

The interviewees mentioned that they had worked with investment advisors and investment firms that do not understand the phenomenon. The fear of messing up and or the cost of making the wrong decision would be grave for many investment advisors or fund managers. Thus, they are very skeptical to adopt a principle that is fairly new. Although impact investing may seem difficult or unattainable, this principle is working well in many countries- and even in Ghana. Lastly, one interviewee raised the fact that Ghanaians are by nature very conservative and maybe some local investors would adopt this approach if they are incentivized to do so. Possible incentives were tax breaks and/or awareness creation. The table below shows a few direct quotes from the interviewees on the challenges of the impact investing space; other than those, expressed above.

“No tax credits or waivers for impact investors.”

“The dependency of the Ghanaian society on the government has caused a stagnation in the growth of impact investing.”
“Unclear issues about how to classify the returns made from impact investments for tax purposes.”
“The middle class that can drive impact investing is too relaxed!”
“With COVID, the government has had to re-strategize, all plans of further support for impact investments have been halted.”

Table 2: Other challenges experienced in the impact investing space.

4.6 The Future of the Crowdfunding and Impact Investing space

The crowdfunding and impact investing space in Ghana has a lot of potential and growth. The interviewees were eager to express their opinions on the growth of the crowdfunding and impact investing space. Below is a table that highlights some of the phrases by the respondents.

The future of crowdfunding	The future of impact investing
“There may be great potential for crowdfunding here!”	“Impact investing has a high potential in Ghana. There is a lot of money outside that is looking for profit opportunities that are making large positive social impact.”
“The most important thing is communication and education; for this to work!”	“The government has done a lot already! They have had talks with us on its influence on impact investing. It’s the turn of the private sector.”

<p>“Though the law is silent on crowdfunding (and impact investing) probing questions must be asked- to factor them as well!”</p>	<p>“There should be an impact investing law; to protect impact investors (especially)”</p>
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Table 3: The future of the crowdfunding and impact investing space

4.7 Social Impact Assessment

Impact Investments are investments made, with the intention to achieve social impact, alongside a financial return. Traditional investments focus solely on financial returns, in the form of cash, assets, etc. On the other hand, impact investing looks at giving back to investors and the society, at the same time. Many impact investing platforms and firms have been able to achieve this. For example, Kickstarter (a crowdfunding platform with a focus on impact) has raised over \$US 5,766,011,022 and has helped to provide jobs for over 300,000 people (Kickstarter, 2021).

Although social impact assessment in Ghana is minimal. Some impact investing organizations have invested heavily in social impact assessment. Having obtained the opportunity to interview one of such companies, an in-depth analysis of the company’s social impact assessment highlighted some four guidelines- impact framework, data collection, data validation and data analysis.

The company developed a general framework (detailed with metrics and formulas) to determine how data is collected, analyzed and used. Though the company had a general framework, the ventures it supported included industry- specific metrics to their reports. Data collection and validation were done with the help of local stakeholder groups in the community and agents of large companies located in the community.

Analysis and reporting, always focused on the investments’ impact returns- such as improvement in the standard of living for the residents of the community, increase in income,

improvement in the quality and/ or delivery of education, healthcare, etc.- and impact risks- the long term risks the community faces due to ventures' work.

4.8 Alternative Fundraising Sources: Students' Opinions

Some student entrepreneurs who contributed to the research expressed their opinions on the introduction of a crowdfunded impact investing strategy. Though the strategy (and its principles) were new terminologies, below is a table of direct quotes by the students on this strategy.

“This is good oo! Me, I have never heard of what you’re talking about, but if it helps; I’m all in!”
“I think this can be good! At least we all that this option is available to us!”
“Nice! Financing has been one of my major issues. Being presented with another option like this, back then, would have been great!”
“Though I have not heard of this. I think it is a cool idea!”
“This can be fantastic; if it is truly introduced, a lot more businesses would have the opportunity to thrive!”

Table 4: Student opinions on crowdfunded impact investing

CHAPTER 5: CONCLUSION

5.1 Conclusion

This study sought to find out the process of implementing and sustaining a crowdfunded impact investing strategy as an alternative fundraising strategy for student entrepreneurs. The researcher used the Ashesi Entrepreneurship Ecosystem as a case study because one of the core mandates of Ashesi University is to produce ethical entrepreneurial leaders to change Africa. To gain insight about the crowdfunding and impact investing space, investments advisory companies and research organizations focused on impact investing (and some crowdfunding) were consulted to solicit their views. This chapter presents the concluded research findings, recommendations, limitations and areas of further study.

5.2 Summary

Student entrepreneurs at Ashesi University raise capital through the schools' grant opportunities provided by the AEF or other partnerships that the university has. Many students have sought other means to raise capital such as grants from family and friends, loans, just to mention a few. The sources although helpful have been woefully inadequate.

Impact investing is a phenomenon introduced a few years ago. It is a principle that has a lot of potential and is silently growing all over the world- including Ghana. This principle follows the same rules as other investment tools; however, the only difference is in the derived impact. Whereas other investments just focus on financial rewards; impact investing is focused on achieving financial and societal impact.

According to GIIN (2018), the impact investment space is worth over US\$ 160 billion worldwide. Most importantly, there's more room for improvement in this space. Ghana should not be left out of this. With only 8 active local impact investing initiatives, the impact

investing space is a sleeping giant. Although there is a lot more work to be done in this space in Ghana- the future looks very positive regardless.

Crowdfunding has been in existence for a long while and has been adopted by many entrepreneurs all around the world. Crowdfunding has been welcomed in Ghana; having been recognized recently (even by the central bank), provides a lot of potential for growth in the space.

The underlying framework/ model for this study was “A conceptualized investment framework for crowdfunding” by Alan Tomczak and Alexander Brem (2013) which brilliantly analyzes how crowdfunding and investment can work together to generate financing for entrepreneurs- and providing rewards for investors. This study looked at the implementation and adoption of a crowdfunded impact investing strategy, exploring some of the challenges of the existing principles, the current situation in the crowdfunding and impact investing space and sustaining a crowdfunded impact investing strategy- at Ashesi University.

Secondary and primary data sourced were employed throughout this study. However, primary data was heavily used as crowdfunded impact investing is a fairly new concept. For the primary data, the researcher used a qualitative research design. Semi-structured interviews were employed to accomplish the objective of the research. A non-probability sampling was used, specifically, a purposive sampling technique was used to select the three companies interviewed in the study. The findings were analyzed using a thematic structure.

5.3 Main Conclusions

Data gathered and analyzed suggests that a crowdfunded impact investing strategy could be a brilliant approach to raising funds for student entrepreneurs at Ashesi University (and beyond). Though the strategy is beneficial, it would require lots of planning and

forecasting; coupled with a few years of tests and trials. Implementing the strategy can be done internally- focusing on funds from the Ashesi university- or externally- focusing on funds from all around the world. Though both options have risks; an internal strategy could be used as the test; and the lessons learnt then used as a blueprint to design an external fund. The risks of implementation can be mitigated by leveraging the Ashesi brand, to ensure and sustainability of the projects (and the funds). The community can help to ensure a good selection (and utilization) by using its community knowledge and pressure systems. This would help to ensure that the businesses are successful- to encourage the community to continue supporting the proposed funding strategy.

The crowdfunding and impact investing space in Ghana is now developing. The main factor affecting the growth of the space is that of awareness and education. The adoption of this crowdfunded impact investing strategy, coupled with incentives by the government and initiatives by other stakeholders, would provide a helping hand in tackling the challenges facing both principles.

Social impact is a key component of impact investing. To successfully implement a crowdfunded impact investing strategy at Ashesi University, social impact must be a priority.

5.4 Recommendations

For the successful implementation of a crowdfunded impact investing strategy in Ashesi University, the entire community must be involved at every stage of the process. Below are some recommendations based on the challenges experienced in the crowdfunding and impact investing space; as well as the challenges experienced whilst implementing and sustaining a crowdfunded impact investing strategy:

Education about the principles and the strategy: to begin with, the availability of literature on these topics in the library would help build a first level of awareness.

Furthermore, it is highly recommended that the Ashesi University community be exposed to both principles- crowdfunding and impact investing. This could be done through seminars, and potentially, courses taught that would provide information on the principles. This would help the community to grasp the principles and give them a greater understanding of the benefits of the model.

Business Planning and Forecasting: it is highly recommended that the university gets a team- either hiring experts in the field and/or selecting individuals in the ecosystem- to undertake the following amongst others,

- Research into the strategy and its feasibility
- A business plan
- Operations and management of the test internal fund
- The implementation and roll-out of the external fund

These steps would help the Ashesi Entrepreneurship Ecosystem to develop a structure to help with the proper and effective execution of the strategy.

Fund Management: it is highly recommended that the ecosystem hire fund managers or an investment advisory group that would manage and administer funds by the Ashesi community in association with community representatives. This would help to sustain the fund, regardless of the financial year.

Impact Monitoring, Evaluation and Reporting: it is highly recommended that an impact framework be created, to provide guidelines for impact assessment(s) by the students' ventures. Successful impact reporting would boost investor confidence and attract other investors.

Finally, with careful considerations of these recommendations, a crowdfunded impact investing strategy can be successfully integrated into the Ashesi Entrepreneurship Ecosystem. This would be an opportunity for Ashesi and Ghana to provide a cutting-edge strategy, that

can be adopted by other universities and organizations for student entrepreneurs. This will not only set Ashesi apart globally; but it will be a steppingstone for many to learn from and perhaps contribute towards the changing the face of entrepreneurship.

This research is significant because the results and recommendations of this study should be of interest to the officials of Ashesi university, other universities in Ghana and globally, investment firms, entrepreneurs (especially student entrepreneurs), research organizations, foundations and investors. It will also contribute to existing literature on crowdfunding and impact investing; as well as existing literature on fund raising techniques for entrepreneurs. Below are some limitations encountered whilst undertaking this study.

5.5 Limitations

Originally, the study sought to interview 5 impact companies and student entrepreneurs from the Ashesi Entrepreneurship Ecosystem. It was however very difficult to get a hold of companies/ organizations to open up for interviews about the topic. Thus, in the end, only 3 companies were willing to participate in the research. In some cases, it was essential to provide the interview guide to the participants of the interviews, before an interview could be secured. However, when interviews began, interviewees were very open and accommodating.

Unfortunately, setting up follow-up interviews were very difficult, and this made it impossible to do a good comparison about the process of securing crowdfunding impact investing, vis a vis traditional investment.

Lastly, it was difficult to get the targeted number of student entrepreneurs' opinions on this new strategy. This was due to conflicting timetables and the lack of knowledge on the topic. However, the five students available for the research were open to a new fundraising opportunity. They all admitted that the interview was the first time hearing about impact investing, yet alone a crowdfunded impact investing strategy.

5.6 Areas for Further study

Further study could be conducted to identify various industries/ sectors' response to this strategy, as well as the benefits (and challenges) of adopting a crowdfunded impact investing strategy in various economic and political environments- highlighting the risks. Another interesting study could be conducted into implementing a crowdfunded impact investing strategy in a non-enclosed environment- for example, an entrepreneur adopting this strategy on his/ her own. study can be conducted on creating a framework to aid stakeholders to structure a crowdfunded impact investing strategy.

Additionally, further studies can also be conducted on creating a framework to help stakeholders to structure a crowdfunded impact investing strategy. Finally, a study can be undertaken to understand and explore the various forms and types of financial and social impact derived from impact investing.

All these studies would be important to changing the impact investing and crowdfunding environment in Ghana and Africa. It will further make alternative funding sources available to entrepreneurs both locally and internationally.

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APPENDIX

INTERVIEW GUIDE

SECTION 1: LEGALITIES

1. Having worked in the impact investing space, what are some of the legal and/ or financial restrictions with impact investing in Ghana currently?
2. In your perspective, can a crowdfunded impact investing survive in Ghana- looking at the legal and financial restrictions in place?
3. From experience, how does the age of the entrepreneur affect the eligibility of practicing impact investing in Ghana?
4. Do different industries require different legal processes and/ or procedures in impact investing?
5. What were some of the processes the organization went through to get the license to practice impact investing in Ghana?
6. What are some of the risks and protections available to investors, entrepreneurs and institutions that encourage impact investing, such as yours?
7. In your opinion, how can an institution such as yours collaborate with Ashesi University's entrepreneurship ecosystem to encourage and/or practice crowdfunded impact investing?

SECTION 2: SOCIAL IMPACT ASSESSMENT

1. Working in the Impact Investing Space, how is social impact measured and recorded?
2. Over the years, has social impact been assessed based on the structure and size of the company? Please provide a few examples/ scenarios?
3. How, in your opinion, has the COVID-19 affected social impact assessment?

4. With all the matrices available, which index does your institution use for the companies you work for and why that choice?
5. If there is a hybrid assessment used, what are some of the issues that qualified to become a part of the index?

SECTION 3: THE USER ROLE OF CROWDFUNDING

1. Crowdfunding has slowly been gaining recognition across the world, in your opinion, do you think there can be a direct link between impact investing and crowdfunding?
2. Crowdfunding, through research, identifies a role for each participant of the process (the intermediary, the fundraiser and the crowd). As bodies that encourage and support impact investment, what do you think your role may be in this crowdfunding process?
3. In your opinion, can the entrepreneur take up all the roles in the crowdfunding process?

SECTION 4: THE IMPACT INVESTING PHENOMENON

1. Over the past few years, how have people (especially entrepreneurs) responded to the “Impact Investing” Phenomenon?
2. What are some of the issues that have arisen with respect to entrepreneurs/ companies that adorn “impact investing”?
3. During the COVID period, how has impact investing in Ghana fared?
4. In your opinion, what are some of the hindrances causing entrepreneurs/ companies to adopt impact investing?
5. How can more companies adopt this phenomenon?

6. What are some of the ways impact investing entrepreneurs have dealt with the COVID 19 pandemic?
7. What are some ways stakeholders, and the government can support impact investing in Ghana?
8. In your opinion, how ready are Ghanaians to invest into small businesses?
9. What are the available ways/ options available for student entrepreneurs to attract foreign individuals to invest?
10. Which industries, in your opinion, are investors looking out for (in Africa)?
11. In your opinion, do you think allowing student entrepreneurs to raise capital through crowdfunding is a viable option? Why or why not?
12. How do you think a crowdfunded impact investing can support entrepreneurs in Ghana?
13. Can you share your thoughts on establishing crowdfunded impact investments in Ghana, specifically in universities for student entrepreneurs?
14. What are the trends, comparing small businesses and large businesses, in the impact investing space in Ghana?
15. What are some of the ways to encourage or boost impact investing amongst entrepreneurs in Ghana, in your opinion?

SECTION 5: IMPLEMENTING A CROWDFUNDED IMPACT INVESTING STRATEGY

1. In your opinion, do you think the principles of crowdfunding and impact investing can work together to help student entrepreneurs?
2. What are some of the potential risks that Ashesi University may face?
3. What are some of the benefits of this strategy?

4. Can this strategy/ model sustain businesses?
5. In your opinion, what are the steps to implementing this strategy?
6. In your opinion, is this the right time to introduce such a model?