

Exploring the Social and Economic Outcomes of Microfinance:
A Case Study with West African Refugee Entrepreneurs Served by
the Business Center for New Americans

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FOR NEW AMERICANS**

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Forward

This research project, which attempts to capture organizational and client outcomes information that extends beyond conventional microenterprise measures of success, was conceived of and lead by Takashi Koseki, Meiji University, Japan. BCNA and its New American participant population have generally performed well against common standards which include: business starts, strengthenings and expansions; microenterprise revenue growth; loan volume, loan loss rate, and on-time payments.

BCNA is aware, however, that these indicators – as a collective measure of program and organizational success – do not tell the whole story. For example, do the business skills taught by BCNA educators prove valuable once entrepreneurs apply these skills to their specific businesses? Do clients leave BCNA feeling motivated and empowered to face the rigors of small business management? Do they make the industry connections and form sufficient social bonds necessary to understand the competition, continuously innovate, and weather unanticipated hardships? These answers were not clear at the beginning of this study.

BCNA strives to offer its clientele the very highest quality programs that support the entire entrepreneur. Our microenterprise, individual development accounts, home ownership, and business training and technical assistance programs emphasize knowledge, skills, resources, and connections. The measures that we employ to monitor and evaluate organization and client outcomes must become similarly holistic.

Join us in transitioning to this ‘next generation’ microenterprise assessment. We would love to receive your thoughts on this report, your experiences with your own programs and assessments, and how we might – as an industry – enhance our outcomes measurement.

Yanki Tshering
Executive Director
Business Center for New Americans

The Business Center for New Americans (BCNA) offers highly motivated New Americans living in New York City opportunities to save responsibly, start and grow a business, purchase a first home, build credit, and enter the financial mainstream. A high performing organization that continuously leads microlending industry, BCNA catalyzes the American Dream.

Executive Summary

Microenterprise program professionals increasingly recognize the importance of measuring the social, as well as economic, impacts of microenterprise lending and assistance programs. Conventional microenterprise impact indicators emphasize income, asset accumulation, and job creation, primarily at the individual/business or household levels. More expansive conceptions of impact, however, incorporate social indicators, ranging from self-confidence and business optimism, to participation in a 'community' of like entrepreneurs and perceptions of improved social support.

This study, undertaken with microenterprise service provider Business Center for New Americans (BCNA), applies economic and social impact measures to holistically evaluate the quality of microenterprise services with West African resettled refugee entrepreneurs in New York City. Five impact domains are explored: (1) business skills; (2) financial situation; (3) social network; (4) satisfaction; and (5) empowerment. Personal interviews with 46 BCNA microenterprise clients and one (1) focus group were employed to gather original data across these domains.

The study reveals that BCNA's microenterprise programs improved participants' business skills and financial circumstances. Participants also expressed satisfaction with the quality of assistance received from BCNA. A large majority of participants remarked that they have improved confidence about their business' outlook. Notably, participants reported receiving minimal assistance from BCNA with forming business mentoring relationships, building industry and personal social capital, and making connections with critical professional vendors (e.g., legal services, website management, accountants). Participants remarked that assistance forming these relationships would be greatly welcomed.

Specific findings of note include:

- Nearly three-quarters of participants saved more income on a more frequent basis since participating in BCNA microenterprise services. Two-thirds remarked that their income had increased since they came to BCNA.
- 90 percent of those surveyed expressed more confidence in their business, and 84 percent reported that they intend to expand their business.
- While most surveyed participants were generally satisfied with BCNA services, some remarked frustration with the small size of BCNA loans and the limited offering of post-loan technical assistance.
- 83 percent of surveyed participants reported not having a close mentor. 19 percent reported that BCNA helped connect them with outside business people.
- 87 percent reported changing the way they operate their business as a result of BCNA assistance, and 91 percent noted that they now feel "more organized."
- Nearly 90 percent of those surveyed reported engaging in more marketing since participating in BCNA services.
- Perhaps surprisingly, almost 60% of survey participants do not use a computer to operate or manage their businesses.

The study demonstrates the value to microenterprise practitioners and funders of measuring and evaluating participant outcomes across social, as well as economic, indicators. While this study includes a relatively small sample of West African refugee entrepreneurs, larger studies comprised of program participants from other ethnic and national groups could produce markedly different results.

1. Introduction

FIELD of the Aspen Institute* identified more than 800 microenterprise development organizations (MDOs) during 2010. These MDOs deliver microloans, business training, and technical assistance (TA) to microbusiness owners in the US.¹ FIELD at shows that 164,763 individuals and 67,709 businesses were served by these MDOs, and there were \$133.9 million in outstanding loans in FY2010.² But, what outcomes have MDOs generated for their microbusiness clients?

The purpose of any outcomes assessment is to measure the impact change by the intervention (such as microfinance) within certain period of time.³ That change could impact individuals, organizations, a specific community, or society at-large.⁴ Outcomes are distinguished from outputs (i.e. services provided, such as dollar amount of loans and hours of training or TA). Outcomes assessments, at the programmatic or organization levels, are distinct from microbusiness outreach surveys and studies of programs diversity across the microfinance industry.⁵

Microenterprise outcome assessment has two purposes: (1) demonstrating impact and (2) identifying areas for program improvement.⁶ Academics employ rigorous methodologies to examine causality and eliminate various biases (such as self-selection bias).⁷ These methodologies, however, can prove both time-consuming and costly for practitioners. Consequently, several practitioner-led assessment tools have been developed (e.g., Social Performance Measurement (SPM), Quality Audit Tool, and MicroTest) to mitigate these time and cost barriers to high quality assessment.⁸ As explained below, tools for domestic MDO

*The mission of FIELD is to identify, develop and disseminate best practices, and to educate funders, policymakers and others about microenterprise as an anti-poverty strategy.

¹ Edgcomb & Girardo, 2012

² <http://microtracker.org/explore>.

³ Outcome assessment is sometimes called 'impact assessment', 'impact measurement' or 'outcome evaluation' in microfinance field. There is no general consensus on a solid definition of these terms, but these terms do not seem to have significant differences among them.

⁴ While there are many social impact assessment systems for microfinance, many of them focus on management and the system of microfinance organizations (e.g. governance, capital source, responsibility and self-sufficiency), instead of outcome (in other words, the actual change in people's lives; e.g. income and job creation).

⁵ In developing countries, social impact assessments of microfinance programs mostly focus on outreach (size of program, in other words, the number of clients), diversity (the extent of reaching out to the poorest clients) and self-sufficiency (percentage of covering the full cost of programs). These numbers do not tell how microfinance programs generated real changes for clients.

⁶ In 1997, the CGAP (The Consultative Group to Assist the Poor) Working Group on Impact Assessment Methodologies committee accepted the two goals of impact assessment: proving impact and improving interventions

⁷ Armendariz & Morduch (2010) reviewed different kinds of solid assessment methodologies to avoid biases. Schreiner (2002) noted that practitioners overstate the benefits of job creation, the number of businesses started and income increased.

⁸ Social Performance Measurement (SPM) is a practitioner-led and mission-based assessment tool for MFIs (Pawlak & Matul 2004). SPM sets up different criteria based on each MFI's mission and target clients. SPM assessment is embedded in the routine work of monitoring, decision making and follow-up to improve the mission fulfillment. SPM has an established process of performance management using this assessment tool, including an external impact audit tool (Quality Audit Tool for Managing Performance; QAT) (See Microfinance Centre website <http://www.mfc.org.pl/en/content/about-spm> and SPM guidelines http://www.imp-act.org/sites/default/files/spm_guidelines_english.pdf).

program and client assessment have largely focused on economic measures of achievement without fully understanding the social and humanistic impacts of these programs.

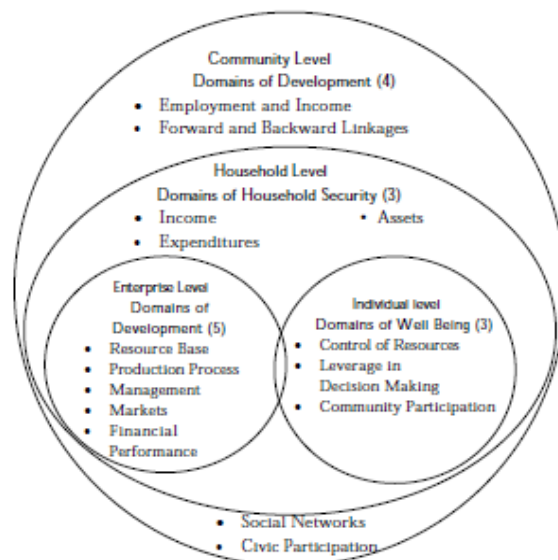
Historical and Comparative Background

Initial discussion concerning outcomes assessment in the microenterprise development sector emerged during the late 1970s. Microenterprise program critiques focused on measuring process efficiency and loan recovery rates.⁹ During this period, the sector was principally oriented to microfinance in developing countries. Outcomes typically assessed income and asset accumulation.¹⁰ Social benefits, including hunger alleviation, health improvement, educational enhancement, community empowerment, and social capital generation, while always associated with microfinance activities, were not emphasized in microfinance assessment.¹¹

The SEEP Network¹² developed new metrics in 1999 to more holistically assess microfinance service outcomes in the developing world.¹³ These metrics include community and household-level variables. Income and assets were paired with social outcomes, such as social networks and civic participation.

Nelson et al. (2000) refer to these collective measures as “impact assessment,” and itemize the following social variables: employment, education, housing, food security, entrepreneurial skills, control over economic resources, alleviation of child labor, participation in community activities and growth of self-esteem (Figure 1.1). While these indicators were conceptualized for programs in the developing world (e.g. child labor issues), the basic concept of outcome assessment can be applied to microfinance services in developed countries.

Figure 1.1 AIMS Conceptual Framework: Levels and Domains of Impact



Source: Nelson et al. (2000) p.2-6

As international microfinance programs gained notoriety during the 1980s and 1990s, U.S. policymakers and practitioners sought to support domestic microfinance and microenterprise development organizations.¹⁴ The Clinton Administration promoted the US microfinance movement by enforcing CRA regulations and

⁹ Virtue, 2008

¹⁰ For example, Chowdhury et al. (2003) compared the average annual income of a treatment group (i.e. participants of microfinance program) with a control group (i.e. non-participants) and he found that the difference is statistically significant. He also compared the assets of the treatment group with control group.

¹¹ Virtue, 2008

¹² Cheston & Reed (1999) referred to some assessment tools that provide results of MF interventions, including practitioner-led outcome assessment tools by the SEEP Network, an international network of 55 US-based international microenterprise promotion agencies (Copestake, 2007).

¹³ Nelson et al., 2000

¹⁴ Servon, 2002

launching the U.S. Treasury Department's Community Development Financial Institutions (CDFIs) program. Several early U.S. microfinance programs, including Working Capital, attempted to directly replicate the microfinance experience of developing countries.

As part of welfare reform, the Clinton Administration launched the Personal Responsibility and Work Opportunity Act (PRWORA). TANF recipients were now required to start working within two years of receiving benefits. U.S. policymakers looked to microfinance as a job creation solution. Domestic MDOs, hoping to capitalize on this new policy environment, sought to showcase their programs' successes.¹⁵ Job creation and business starts were quickly identified by government as the most consequential outcomes.¹⁶

The emphasis on jobs and starts persists today.¹⁷ Elaine L. Edgcomb, the former director of FIELD at the Aspen Institute, noted in 2012 that job creation and business development remain the major concerns of Congressmen, governmental offices, and foundations.¹⁸ Mudd (2013) revealed that the most frequently used metrics to assess the outcomes by CDFI small business lenders is projected jobs (15), followed by actual jobs (13), increase in revenues (7), and jobs at loan close (5).¹⁹

By contrast, the Community Development Finance Institution (CDFI) sector in the United Kingdom recognizes both economic and social outcomes of its microloans.²⁰ Although the UK CDFI sector has not established a standard framework for outcomes measurement, a survey revealed that CDFI practitioners recognize that they generate positive social outcomes, including self-esteem, financial literacy, better local community services, health and mental well-being, and improvement to the quality of the local environment.²¹ Thiel & Nissan (2008) emphasize the centrality of self-confidence as an outcome of entrepreneurial support. Nicholls & Lawlor (2008) listed possible social outcomes of entrepreneurial support in their case study of the borough of St. Helens, Merseyside, UK, including preventing deterioration of local services, stronger informal and formal social networks, improved health, more life opportunities, reduced

¹⁵ For example, Bates (2005) examined the HUD microenterprise development assistance programs in upstate New York through questionnaire surveys, and found that microenterprise programs not only created jobs but also helped low-to-moderate income individuals get employed. Another example is Renzy & Silver (2012), who assessed the effect of job creation through the support of microenterprises. Edgcomb & Thetford (2013) also assessed job creation by microenterprise development services in the US.

¹⁶ Doyle & Black, 2001

¹⁷ The Small Business Jobs Act of 2010 is supposed to help small businesses continue to drive economic recovery and create jobs (<http://www.sba.gov/content/small-business-jobs-act-2010>). On the other hand, the American Reinvestment and Recovery Act (ARRA) of 2009 provided \$730 million to SBA Small Business Loan programs (7(a) and 504) to create/retain jobs.

¹⁸ Interview on June 18, 2012. FIELD also noted that "Listen to almost any discourse on the state of the U.S. economy and you will hear one word repeated relentlessly—jobs", "The U.S. government places a high value on projects that can retain and create jobs" (FIELD, 2010).

¹⁹ Interestingly, some MDOs are aware of other potential metrics and want to adopt them, such as 'Change in neighborhood safety, quality of life measurements', 'Business education', 'Customer Satisfaction Reporting' and 'Environmental Outcomes over time', but they do not have enough capacity to track clients, do not have staff capacity and do not know where to obtain the data (Mudd, 2013).

²⁰ Community Development Finance Association, the national association of CDFIs in the UK, defines CDFI as, "Community Development Finance Institutions (CDFIs) lend money to businesses, social enterprises and individuals who struggle to get financing from high street banks and loan companies. They help deprived communities by offering loans and support at an affordable rate to people who cannot access credit elsewhere." CDFA, "What is a CDFI?" (<http://www.cdfa.org.uk/about-cdfis/what-is-a-cdfi/>)

²¹ GHK Consulting, 2010.

crime, and improved quality of life. Although Nicholls & Lawlor did not actually assess social outcomes, their argument indicates that the outcomes of microloans can go beyond job creation, income, and business survival.

Unlike the SEEP Network's holistic approach of assessing outcomes in international microfinance, or the equal emphasis on social and economic benefits that characterizes the UK sector, US microfinance services have avoided social (or non-economic), qualitative (such as subjective and descriptive changes), or community-level outcomes. Have any U.S.-based MDOs experimented with social measures? Mountain Bizworks, a MDO in North Carolina, conducted outcome assessment surveys, which assessed the clients' change in knowledge, attitude, and behavior.²² The Likert Scale questionnaire explores a holistic range of assessment indicators, including individual-level economic change (such as increase in income) and community-level social change (such as social capital and neighborhood appearance).²³

Microenterprise Development for Resettled Refugees

The U.S. Department of Health and Human Services, Office of Refugee Resettlement (ORR) maintains two programs for microenterprise development: Microenterprise Development Grants (MED) and Individual Development Accounts (IDA).²⁴ The MED program assists organizations that provide business training, TA, and small loans (up to \$10,000) to refugees so that they can start and grow businesses.

ORR's IDA program matches low-income refugees' savings for four purposes: home purchase, small business development, post-secondary education and training, and automobile purchase for work purposes. Grantees provide matches of up to \$1 for every \$1 deposited by a refugee in a savings account. The total match amount provided may not exceed \$2,000 for individuals or \$4,000 for households.

Halpern noted that ORR's MED program increased self-esteem and gave refugees hope about their careers.²⁵ While ORR's MED programs emphasize job creation, business survival, and loan repayment rate, grantees are given the flexibility to include other, more holistic outcome measures.²⁶ However, in this scenario, it becomes difficult to aggregate outcomes across programs.

²² Hein, 2008.

²³ Success Measures is a program at NeighborWorks America (<http://www.successmeasures.org/>). Some MDOs adopt tools to assess outcomes (July 18, 2012 interview with the officers at Success Measures).

²⁴ (<http://www.acf.hhs.gov/programs/orr/resource/microenterprise-development-grants-0>) and (<http://www.acf.hhs.gov/programs/orr/programs/ida>) Different kinds of IDA programs have a variety of specific target population: immigrants, people with disabilities, women, children and youth under 18, homeless individuals and families, ex-offenders, survivors of domestic violence, families of migrant farm workers, refugees, and residents of public housing projects (Corporation for Enterprise Development (CFED), 2010-2011 IDA Program Survey http://cfed.org/assets/pdfs/2010_2011_IDA_Program_Survey.pdf p.3).

²⁵ Halpern, 2008

²⁶ Else et al. 2003; Halpern 2008; ORR, 'About Microenterprise Development' (<http://www.acf.hhs.gov/programs/orr/programs/microenterprise-development/about>),

2. Purpose and Methodology

The study intends to demonstrate the value to microenterprise practitioners and funders of measuring and evaluating participant outcomes across social, as well as economic, indicators.

Research Questions and Hypotheses

This study focuses on five areas of outcomes of microfinance: business skills, financial situation, social network, satisfaction and empowerment. Research questions examine the effectiveness of microfinance services:

- *Business skills*: What business skills did clients obtain and what is the range of these skills?
- *Financial situation*: Did clients experience an improvement in their financial situations?
- *Social network*: Did clients experience enhancement of their business social networks as a result of BCNA services?
- *Satisfaction*: Are clients satisfied with BCNA's services?
- *Empowerment*: Have clients experienced improved self-confidence to manage their businesses? Have they accumulated resiliency to handle future business-related hardships?

Hypotheses include:

- *BCNA services*: BCNA's microenterprise development services (microloans, IDA savings, training, and TA) generate positive economic and social benefits for its participants.
- *Satisfaction*: Participants will express nuanced perspectives on their satisfaction with BCNA services. Listening to their opinions and concerns could be useful in improving quality of the services.
- *Empowerment*: Participants have built self-confidence in their business management skills and developed resilience for future business hardships as a result of BCNA services. Listening to their sense of empowerment will offer insights into how self-confidence is catalyzed among New American entrepreneurs.

Overview of BCNA Programs and Services

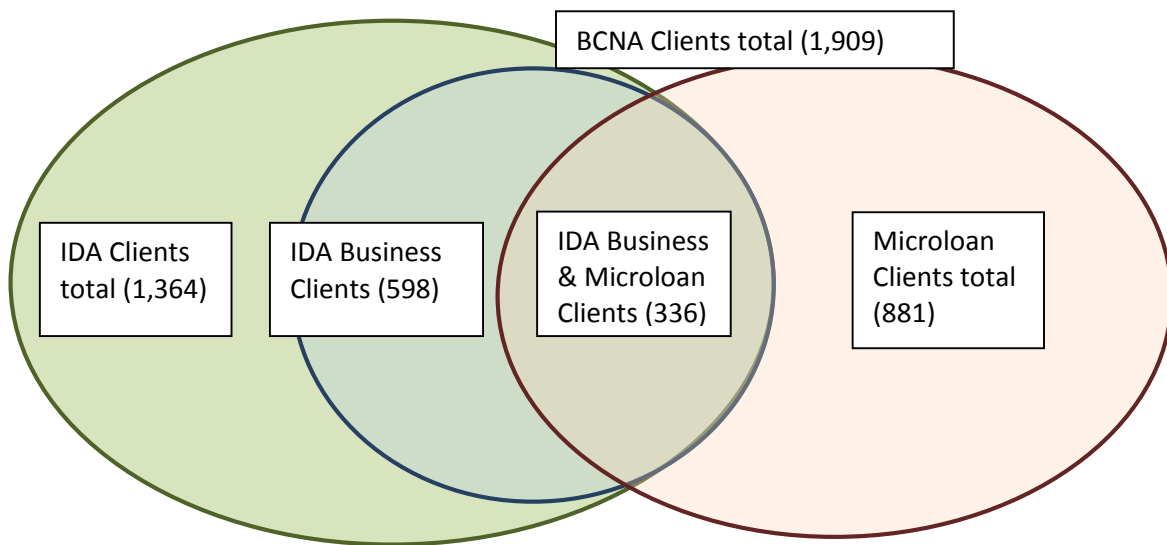
The Business Center for New Americans (BCNA) began as part of the New York Association for New Americans (NYANA) to provide advice to refugees who are interested in starting a business. BCNA began making business loans in 1998. BCNA became independent from NYANA in 2009 and has 501(c)(3) nonprofit status with the federal government as the Center for Community Development for New Americans, Inc. BCNA's mission is to assist immigrants, refugees, women, and others in need to achieve self-sufficiency and wealth creation. BCNA is a certified Community Development Financial Institution (CDFI), and Small Business Administration (SBA) microloan intermediary lender. BCNA receives Microenterprise Development Grants and Individual Development Account (IDA) Grants from ORR. BCNA's service area includes the five boroughs of New York City.

BCNA's major financial services include microloans and IDA savings. Microloans are provided to business owners who are not able to obtain loans from traditional lenders. Loan applicants are not required to have a minimum credit score. The amount of loans ranges from \$500 to \$50,000; and the repayment period ranges from 6 months to 3 years. The interest rate is 10% (for loans \$500 to \$3,000) and 8% (for loans \$3,001 to \$50,000).

BCNA has made 1,687 microloans since 1998, totaling \$11,121,250. The average loan amount during this time was \$6,592, while the average loan loss rate was 5.0%. Fifty-eight percent of these loans were made to resettled refugees, and 41% were made to other immigrants. The breakdown between male and female loan recipients is 60% and 40%, respectively.

BCNA's IDA program is exclusively for low-income refugees. IDA participants can save up to \$2,000 per individual or \$4,000 per family, and the same amount of money will be matched by a BCNA grant. IDA participants are allowed to use the IDA savings for the down payment of a first home, to start or grow a small business, or to pay for further education, vocational training, or recertification. IDA participants are required to attend a financial literacy class hosted by BCNA, which includes information about budgeting, goal setting, managing credit and how to start a business.

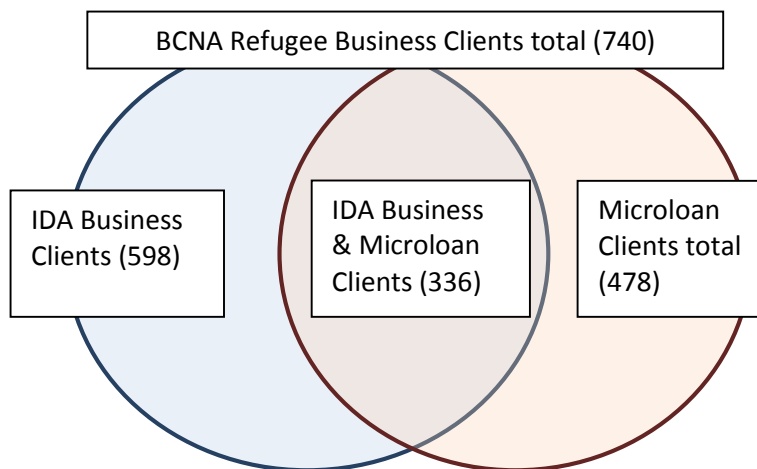
Figure 2.1 BCNA Clients



There have been 1,364 IDA clients in BCNA since inception. Slightly less than half of BCNA's IDA clients (598 (43.8%)) were business clients. Business clients joined the IDA program to grow their businesses (all had already started their businesses when they joined IDA program). Out of the total business clients, 336 clients (29.4%) received both IDA and microloan programs (Figure 2.1).

BCNA had 740 business clients who were refugees. 478 were also microloan clients, and 336 clients (45.4 % of refugee business clients) participated in both the IDA and microloan programs (Figure 2.2).

Figure 2.2 BCNA Refugee Business Clients



In addition to microloans and IDA savings, BCNA also provides business workshops and one-on-one TA for its business clients. BCNA's Micro Tracker database notes that 316 clients received business training and 478 clients received TA during FY2011. According to the loan officers, the vast majority of the clients who received training and TA were loan or IDA clients.

Methodology

The research was conducted with 46 West African resettled refugee entrepreneurs in New York City. All research participants were clients of the microlending, training and technical assistance programs. Three-quarters of participants also participated in the IDA program. Participants meeting the selection criteria were randomly selected from BCNA's client database.

Two methods were employed: semi-structured personal interviews and one (1) focus group.

Personal Interviews

The personal interviews explored the following topics:

- *Business skills*: business plan preparation, marketing / promotion, internet researching skills, computer skills, financial management
- *Financial situation*: bank account, savings behavior, credit use, alternative financial services, confidence in banks/credit unions, understanding credit score, annual household income/assets, insurance coverage
- *Social network*: Business supporters, pro-bono mentors, consultants, capital contributions, participation in business organizations

The personal interviews were conducted during May and June 2013 at the BCNA office. Two external business consultants and a BCNA staff member (who did not have prior direct contact with clients) conducted one-on-one interviews with the clients for approximately 15 minutes each. Interviews were conducted based on the survey questionnaire, but the interviewers sometimes paraphrased the questions or added explanations to clarify the meaning of the questions. If a client did not speak fluent English, interpreters were used.

At the beginning of the interview, each survey candidate was told the purpose of the survey, the need to translate it into their native language, the reason why (s)he was selected as a survey

respondent, the stipend of the survey, the confidentiality policy, and the right to refuse to answer questions which (s)he did not feel comfortable answering. After the client fully understood and agreed to participate in the survey, an interviewer proceeded with the questions.

A survey response rate of 45.1% yielded 46 interview participants. Twenty-nine (63.0%) were male and 17 (34.8%) were female. About the half (47.8%) of the respondents were aged 41-50. On the other hand, the gender composition of the total refugee clients in BCNA is 40% female and 60% male. The average household income of the respondents at BCNA service intake was \$18,917. Forty-three respondents (93.5%) were eligible for IDA program, and 45 (97.8%) were under 80% of HUD median income.

Of the IDA program participants:

- 51% of IDA respondents saved \$2,000 and 49% saved \$4,000.
- Ongoing savers were 0% and completed savers were 100%.
- All of them chose 'growing a business' as a purpose of savings, as they had already started their businesses.

Microloan program participation was characterized in the following manner:

- Average loan amount was \$3,489 and average period was 21 months.
- Active loan account holders was 91%, paid-in-full was 9% and charged-off was 0%.
- Purposes of loans were: start-up 0%, working capital 77%, equipment & machine capital 20%, and credit improvement 3%.

All of the respondents started a business. All but three (3) businesses remain in operation. Eleven (11) respondents launched their businesses with BCNA loans and assistance.

Focus Group

The focus group explored the following two subjects.

- *Satisfaction*: degree of liking specific services and reasons
- *Empowerment*: perceptions of self, goals/dreams, obstacles, self-confidence about their ability to run a business and impact on life

Twelve (12) clients were randomly selected from the refugee clients' database as candidates for a focus group interview. The focus group interview was conducted in June 2013 at the BCNA conference room. A researcher facilitated the group interview, and a BCNA staff member took notes. Eight (8) clients attended the group interview, and the interview lasted about 3 hours. All participants were explained the purpose of the focus group, the reason why they were selected as participants, the stipend offered for participation, the confidentiality policy, and the right to refuse to answer questions which they do not feel comfortable answering.

The survey respondents' names were coded and anonymized to maintain strict confidentiality. This study research use anonymous data only.

3. Findings

Business Skills

In the business and financial skills section, participants were asked about changes in their business management skills, marketing activities and computer usage, credit management skills, and saving behavior. They were not given any kind of quantitative examination, but rather they were asked to evaluate how much more confident they felt in each of these areas after coming to BCNA.

Near the end of the survey, participants were also asked to briefly outline how their overall economic situation had changed since coming to BCNA. Changes in total savings, annual income, and household assets were evaluated (Q43-Q45).

During questions about improvement in specific business management activities, participants were asked about how they felt their business management had changed in a broad sense since they came to BCNA. Most participants (87%) stated they had changed the way they approached running their business (Q11). A larger percentage (91.3%) stated they felt their business was “more organized.” (Q12)

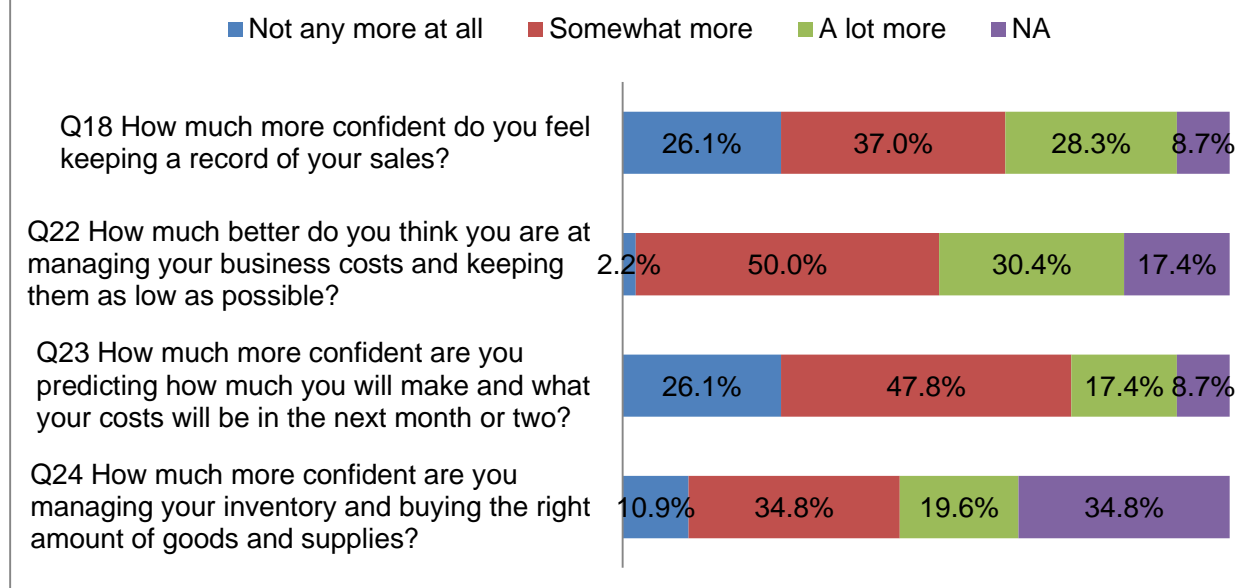
Participants were asked if BCNA helped alleviate the stress they experienced running their businesses. One-third (34.8%) said that they were much more “at peace” with their business because of BCNA’s support, a similar percentage remarked they were moderately more at peace. (Q51)

Among the business management skills taught by BCNA, maintaining sales records is one of the most critical. Slightly more than a quarter of participants (28.3%) felt “a lot more confident” keeping sales records since they came to BCNA. Almost two thirds (65.3%) stated they were more confident to some degree in performing this task. (Q18) (Figure 3.1)

Other business management skills evaluated included managing business costs, creating cash flow projections, and managing inventory and supply purchases effectively. Among these skills, participants experienced the greatest increase in confidence managing their business costs. Almost one third (30.4%) stated they were “a lot more confident” managing their business costs and keeping them as low as possible, while 80.4% reported some confidence increase. (Q22)

A smaller number of participants reported that they were “a lot more confident” creating cash flow projections and managing their inventories — 17.4% and 19.6%, respectively, although a majority reported a moderate increase in confidence with these tasks. (Q23)

Figure 3.1 Business Management



Just over half (56.5%) of participants said that they are now comfortable writing a business plan having received BCNA services. (Q28)

Slightly less than half (43.5%) of participants reported using a computer for business. Of those who do use a computer, 60% stated they started using a computer for business purposes more after coming to BCNA. (Q7 & Q8)

Over half (58.7%) of the participants stated they have been engaged in some form of marketing or advertising after coming to BCNA. (Q13) Of those who do not market, the most popular reason stated (47.4%) was: "I think it could help my business, but my budget is too tight." (Q14) Of those who said they did engage in marketing, a high majority (88.9%) stated that the amount of marketing they do has increased since they came to BCNA. (Q15) An even larger percentage (92.6%) stated that BCNA helped them improve the way they plan their marketing activities. (Q16)

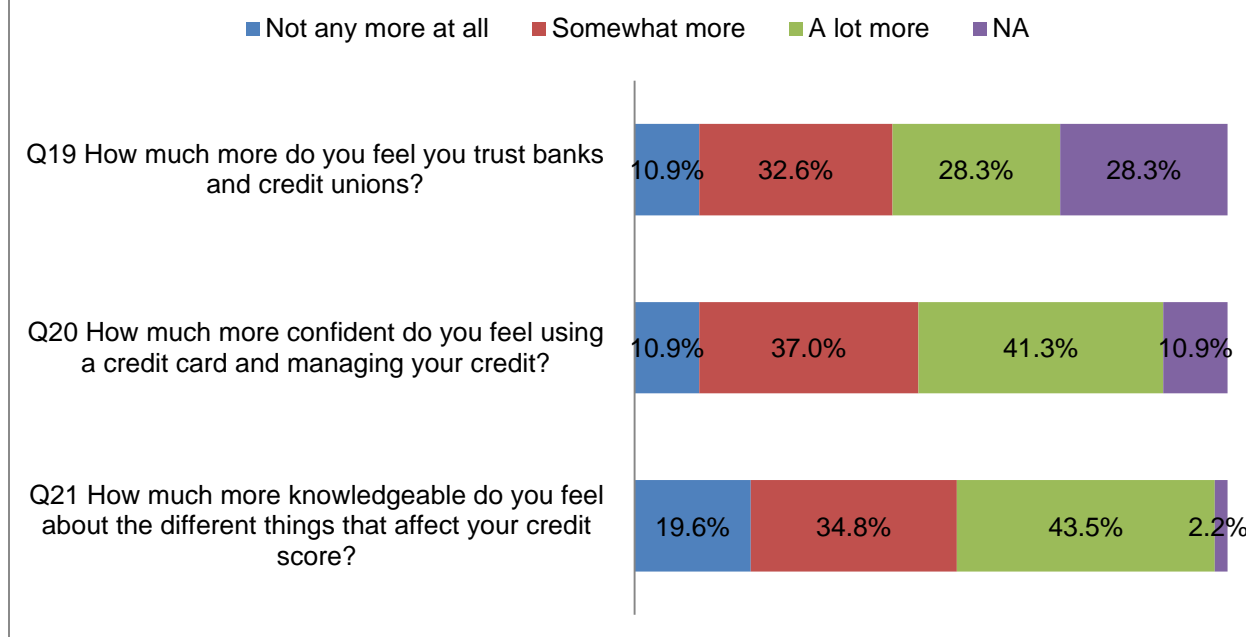
Few participants use the internet to market their businesses. Of those who currently engage in marketing activities, only 29.6% reported using the internet to market their business. (Q17) These participants accounted for 40% of the participants who use a computer for business (and were therefore capable of internet marketing).

BCNA's services were a major factor in participants marketing more often and utilizing what they believe to be a better marketing strategy. However, just over half the clients who were able to market online (this includes very basic internet marketing such as a presence on Google Search) did not do so.

Financial Situation

A large majority (78.3%) reported an improved confidence using credit, while 60.9% expressed improved confidence using banks / credit unions. (Q19 & Q20) A large majority also expressed improved understanding of the factors which influence their credit scores. (Figure 3.2)

Figure 3.2 Financial skills (Credit Literacy)



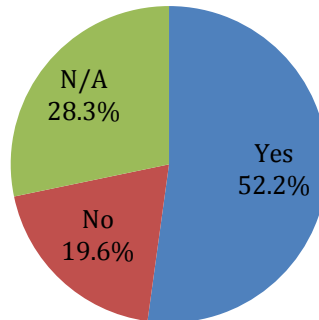
BCNA appears to be very effective in communicating the workings of the credit system to participants. It is notable that nearly half of the participants who felt they did not significantly improve had always felt highly confident in their understanding of credit.

Almost three quarters (71.7%) of participants stated they had a savings account. (Q29) Just over a quarter (26.1%) of those respondents reported opening their savings account after coming to BCNA, and 45.7% of participants who did not have a savings account before coming to BCNA opened one afterwards.

The vast majority (91.3%) of participants stated they had a checking account. Most of those participants (73.9%) had opened the checking account before coming to BCNA.

There was not one participant that did not report having at least one bank account of some kind. Participants were asked if their feelings about the importance of saving money had changed since they came to BCNA. (Q30) Some participants were excluded from the question because they reported not having a savings account. Out of the question's 37 respondents, 56.8% stated that they now believe saving money is "a lot more important" than they had thought before coming to BCNA. Most of the respondents (91.9%) thought saving money was more important to some degree.

Figure 3.3 Q32 Would you say that since you've come to BCNA you've started to deposit savings noticeably more often? (savings account holders)

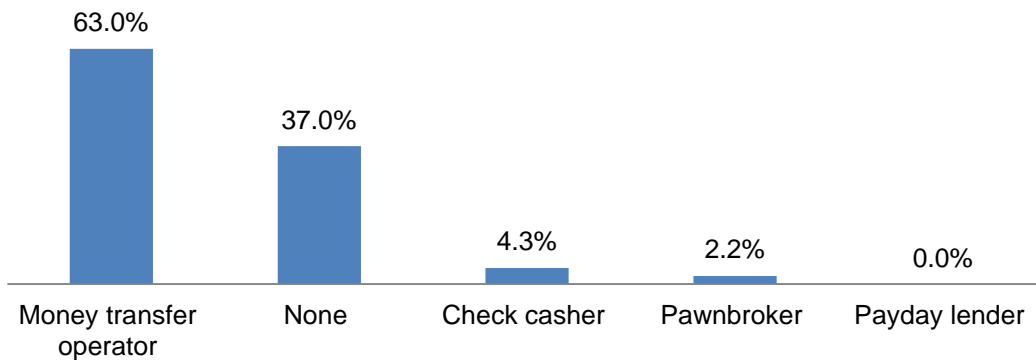


Out of the participants who reported having a savings account, the highest proportion (33.3%) reported depositing money into savings once every other week, followed closely by once per week and once per month (27.3%, apiece). (Q31) Almost three-quarters of those who have a savings account (71.8%) said that they started to deposit money into savings “noticeably more often” after coming to BCNA. (Q32) (Figure 3.3) More than half of participants (58.7%) stated they felt usually felt financially secure. (Q34)

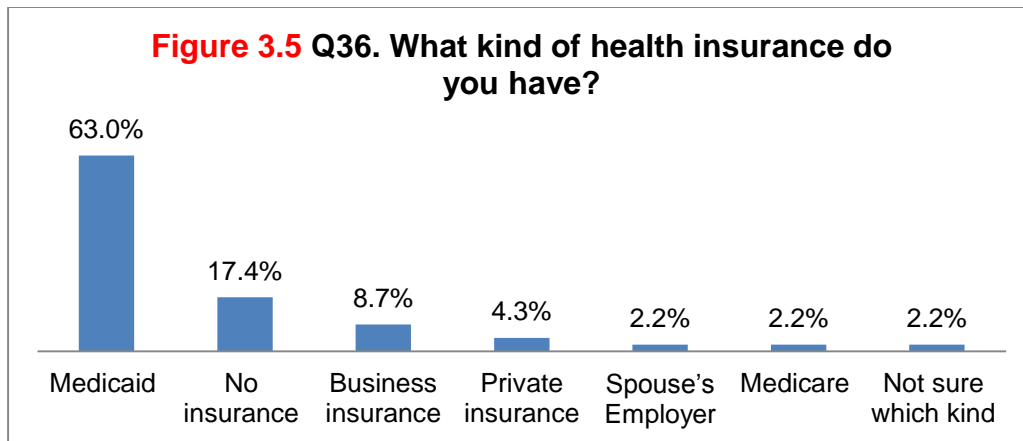
BCNA increased the frequency at which most participants deposited money into savings, and this was a factor in many participants opening a savings account. Most importantly, BCNA helped participants understand the value in consistently saving.

Participants were also asked whether they used any of the follower types of financial services: money transfer operators, pawnbrokers, check cashers, payday lenders, or none of the above. (Q35) Almost two thirds (63.0%) of participants reported that they used money transfer operators. The number of participants who used other services was negligible. The participants who did not use money transfer operators (37.0%) reported using none of the other above listed financial services.

Figure 3.4 Q35. Do you use any of these financial services?



Nearly two thirds (63.0%) of clients reported having Medicaid insurance. (Q36) (Figure 3.5) The next two most popular responses were no insurance owned (17.4%) and business insurance (8.7%).



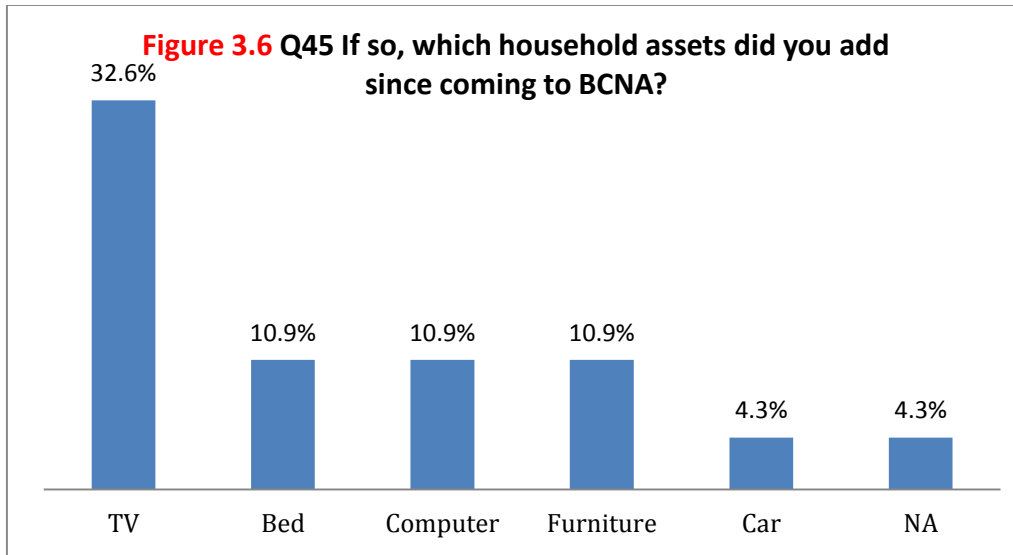
Participants were asked if they received financing outside of BCNA from any of these sources: banks, investors, credit unions, other microfinance organizations, or none of the above. (Q38) The bulk of participants (87.0%) stated that they did not receive financing from any sources outside of BCNA. The remaining 13% reported obtaining loans only from other microfinance organizations.

Out of the sole six participants who stated they received funding from other sources, only two claimed that BCNA helped them in gaining access to those sources. (Q39)

A negligible number of participants reported using any financial services outside of money transfer operators and medical insurance. BCNA was usually the only source of financing from which participants had borrowed in their professional history.

Approximately half (47.8%) of participants stated their annual income had increased moderately since coming to BCNA, while 17.4% stated it increased greatly (Q43). All participants expressing income growth attributed improvement to business growth. (Q44) Only two participants reported that their annual income had decreased since coming to BCNA. Only one participant stated that her savings had decreased after coming to BCNA.

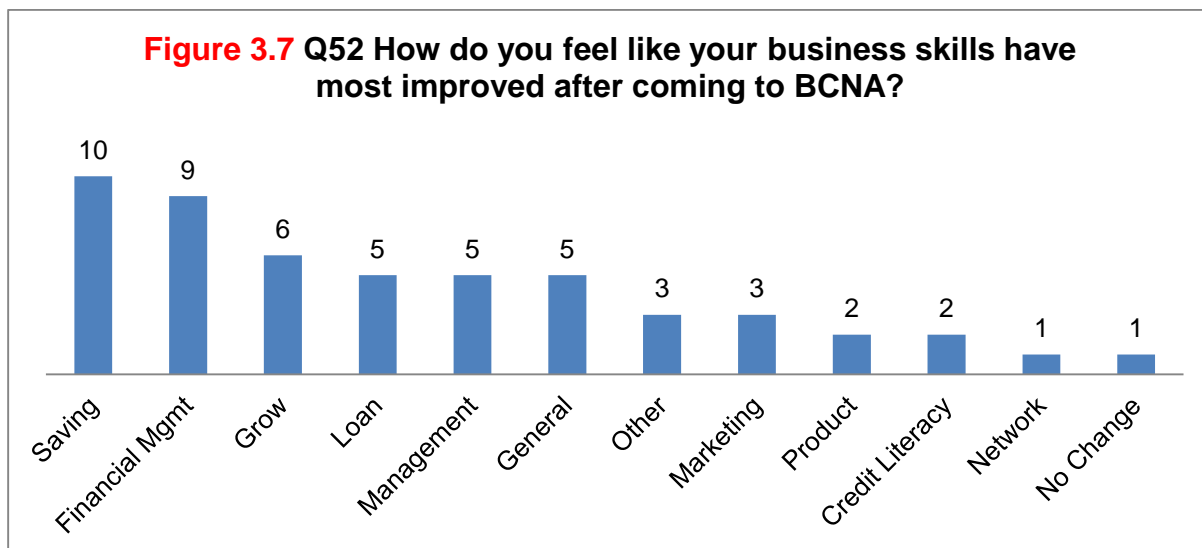
More than half (56.5%) of participants stated they had bought a significant asset for their household since they came to BCNA. (Q45) One-third of participants (32.6%) reported buying a TV. The next three most popular assets purchased were beds, computers, and furniture. (Figure 3.6) Moreover, there seems to be a basic level of evidence supporting a positive association between perceived economic situation and asset purchase.



Most participants saw BCNA has a positive impact on their economic situation, in terms of both total savings and annual income. A majority of clients who thought their annual income improved also reported buying new assets for their household.

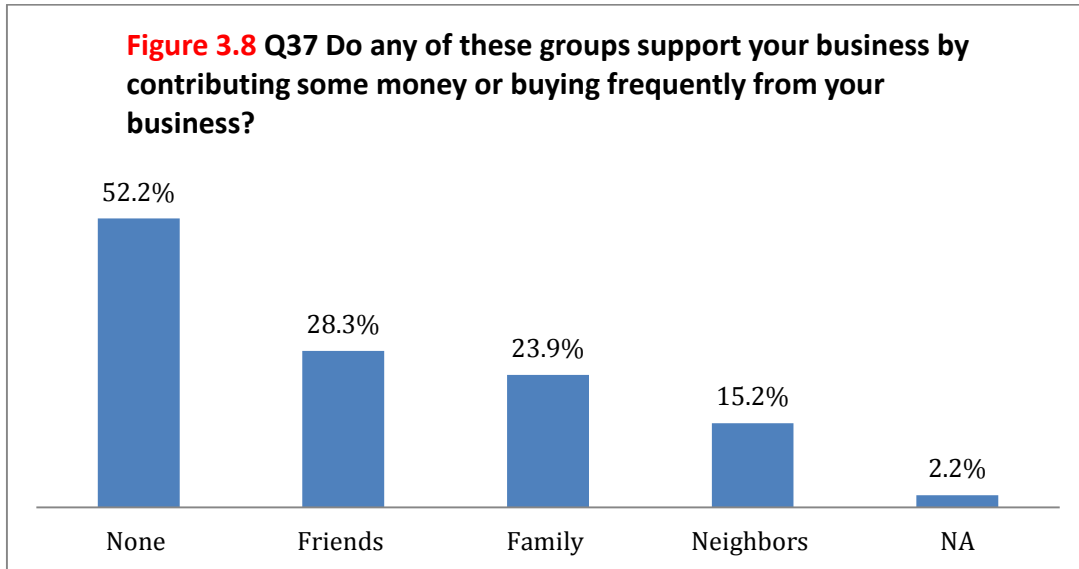
While the focus group more thoroughly examined BCNA's impact on the professional confidence of participants, the survey quickly evaluated participants' ambitions and confidence in their businesses after coming to BCNA. (Q25) Slightly over half (52.2%) of participants stated they were "a lot more confident" that their business would grow, and (89.2%) said they were at least moderately more confident. Most participants (84.8%) reported intending to expand their business in the future. (Q26)

The survey also attempted to gauge how each of the participants felt they had most improved. (Q52) (Figure 3.7) The most popular response was savings routine (10 participants). This response was followed closely by improvement in overall financial management (9 participants). The next three most popular responses were improvement in business growth management, loan management, and general business management (6, 5, and 5 participants, respectively).

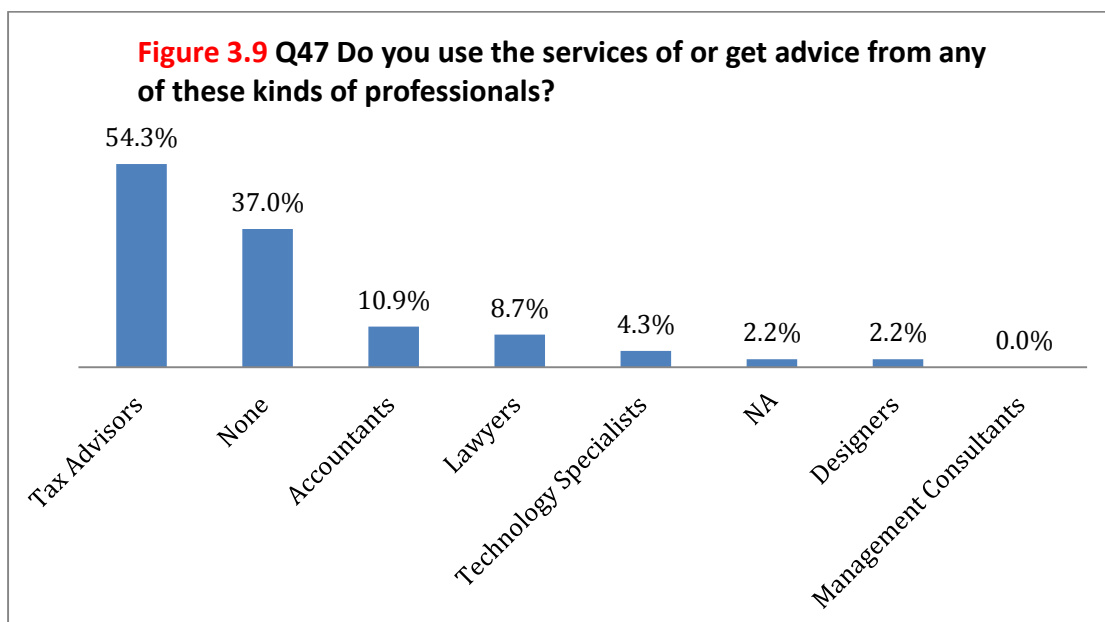


Social Network

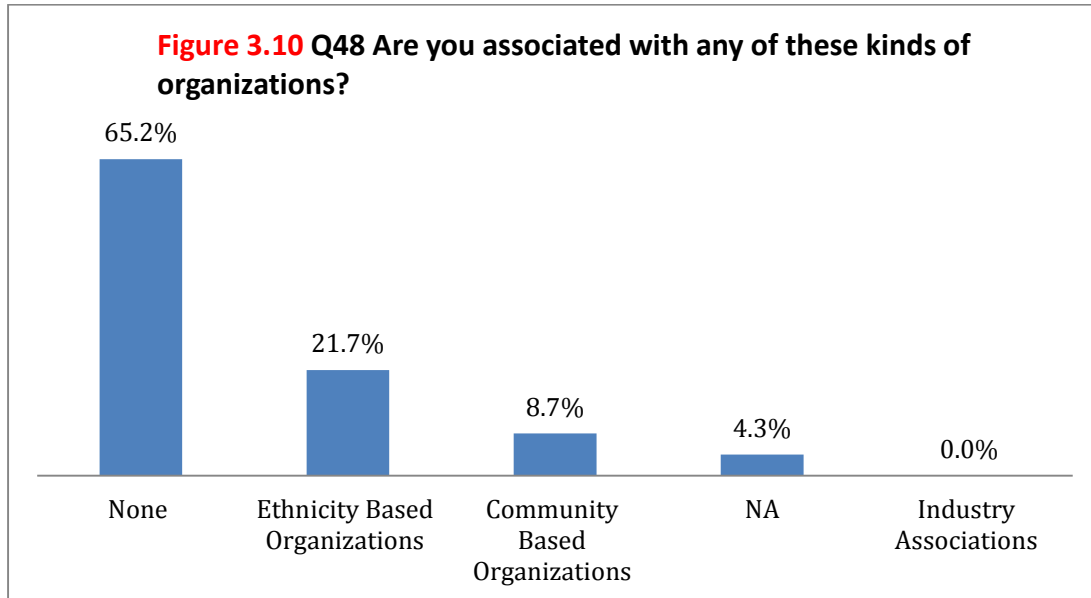
More than half of respondents (52.2%) reported not having someone who helped to support their business activities. 15.2% respondents were supported by neighbors. (Figure 3.8) Most respondents (84.8%) did not have a close mentor. (Q46)



BCNA helped some respondents (19%) connect with business people. BCNA referred these participants to tax advisors, credit unions, and business consultants. As the respondents had to pay income tax, about half (54.3%) used tax advisors. (Q47) (Figure 3.9) However, respondents were less likely to use other professionals (e.g. accountants, lawyers, technology specialists, designers, and management consultants). The respondents did not expand their connections with organizations after coming to BCNA. The respondents generally kept limited social networks, and BCNA did not effectively cultivate their networks.



About two-thirds (65.2%) of respondents were not associated with any organizations (such as ethnicity-based organizations, community-based organizations, or industry associations). (Q48) Indeed, no participants belonged to industry associations. (Figure 3.10) They had few connections with business-based organizations and were less likely to receive support from other people.



Satisfaction and Empowerment

During the focus group, participants were asked about how they viewed BCNA's services and what impact, if any, that BCNA had on their professional lives. While participants did have some mild criticism for BCNA's services, they were mostly happy with and grateful for what BCNA offered. The general consensus was that BCNA played a large role in their development as entrepreneurs, and that they came away from participating in BCNA's programs feeling more confident about their business skills and their future potential.

Participants' criticisms of BCNA services concerned (1) access to larger loans, (2) the IDA program, (3) post-loan TA, participant outreach, and workshops. There was little difference in the issues participants had within each area, and a consensus was readily formed among them each time a new issue came up. First, participants felt that \$3,000 is too low as a minimum loan amount available without a cosigner requirement, given the difficulty of finding a cosigner. This sentiment was also reflected in the responses to the last question of the survey: 68.1% of participants stated their greatest remaining need from BCNA was higher-level financing. (Q53)

Second, participants felt that the requirement of applying for citizenship within three years of applying to the IDA program in order to be eligible is too short, and that many refugees in need would be excluded from the program because of this limit. Third, participants felt that industry-specific post-loan TA should be available at BCNA, since they are constantly in need of this kind of targeted advice. Fourth, participants felt that BCNA needs to personalize its outreach efforts. Participants specifically recommended that BCNA staff go into communities and talk to potential clients face to face. Last, participants felt that the workshop series needs more consistent use of interpreters and classes should be longer.

Participants' comments on empowerment suggested that BCNA had motivated these entrepreneurs and facilitated their professional growth. Participants described the barriers they

experienced in pursuing their desired careers when they arrived in the US; they often enroll as students while simultaneously working in a job. In helping participants to strengthen their businesses, BCNA provided them with a solid economic foundation that made their endeavors easier to manage and improved their self-confidence.

The participants were most adamant in their explanation of how BCNA aided them in the credit arena. They described how they were bewildered by the US credit system upon immigrating, and knew little about both its mechanics and its impact on business creation.

4. Discussion

Economic Outcomes

Refugee clients often lack basic business and financial management practices upon their arrival at BCNA. Sales tracking, cost management, and savings routines are undertaken nonchalantly, if at all. While it was not possible for BCNA to quantitatively assess the skills improvements of survey participants in these areas, the survey did assess the participants' *perception* of their own business management and financial competencies. Given that the measurement of skills improvement is based on the word of the participant, one can only draw general inferences about how those skills might have improved. However, as per the intended purpose of the survey, one *can* derive accurate conclusions about how the participants' level of confidence operating within the entrepreneurial and financial environment has increased. The survey also allows one to evaluate the participants' level of engagement in fundamental business and financial activities, since a participant who reports an increase in confidence performing a given activity implies the participant is engaged in that activity to some degree. The results show that BCNA was successful in improving participants' self-perceived competency in both business and financial management, however more so in the latter than the former.

The survey results demonstrate at least moderate improvement in self-confidence across most participants and therefore a high level of engagement in activities that are integral to successful business management. However, they also show that a solid majority of participants do not feel highly competent engaging in these activities. For sales tracking, the most critical of business activities evaluated, two-thirds of participants reported they were more confident to some extent in recording their sales. The fact that most participants perform record keeping with some degree of confidence suggests improvement resulting from BCNA services.

The other business management categories—cost management, inventory management, and cash flow analysis—again demonstrated at least moderate confidence increases across most participants, but low percentages of clients who reported large self-confidence increases. Less than one-fifth of clients stated they were “a lot more confident” performing cash flow projections and managing their inventory. BCNA's programs seem to have been successful in communicating the importance of engaging in fundamental business management concepts. The second largest number of participants stated they came away from BCNA's services having made the largest improvement in financial management.

There is a gap between those who said that they felt confident in expanding their businesses and those who feel comfortable preparing a business plan. A large majority of participants stated they planned to expand their business sometime in the future. Indeed, most of these participants stated they were confident they could expand their business “the right way.” However, only half of participants said they were comfortable writing a business plan. This gap suggests that a significant proportion of participants may not understand the centrality of a business plan to business development / expansion. BCNA should explain that writing business plans is essential to business development and expansion.

Marketing

Results showed that BCNA improved the level of importance participants place in marketing. Almost 60% of participants reported marketing their business. Approximately 90% of participants who engaged in marketing activities reported both marketing more frequently after coming to BCNA and that BCNA had helped improve their marketing strategy. When they first come to BCNA, many refugees are unsure about the avenues through which they can market or

don't think marketing is useful. The results show that BCNA has alleviated this issue, and has introduced marketing methods that participants feel comfortable using.

Marketing activity to some degree reflects the level of effort entrepreneurs commit to strengthening their businesses. Many BCNA clients initially state they rely entirely on word of mouth to attract new clients. While word of mouth might be enough to grow an established business or to keep a relatively new business afloat, it nonetheless reflects passivity about business growth. Given the nascent stage of these businesses, one would anticipate a more proactive marketing strategy. The strong results in marketing improvement show BCNA has directly impacted the way participants think about making their businesses more competitive and building the breadth of their client base. Participants were more committed to reaching out to new customers and growing their businesses.

While most participants boosted their efforts in traditional marketing after coming to BCNA, internet marketing was not universally adopted, even among participants who had the capability to do so. Only 40% of the participants who used a computer for business said they marketed their businesses on the internet. Digital enterprise still seems to be somewhat foreign to BCNA's refugee entrepreneurs, and given the growing importance of the internet in business it would be highly practical for clients to become more comfortable with the concept.

Credit Literacy and Savings Behavior

Maintaining a strong credit score and knowing how to use credit effectively are essential to business growth in the U.S. The regular saving of business revenue is essential to business growth everywhere in the world. Many of BCNA's clients initially have only a vague comprehension of either. Results reflected effective teaching in both areas on the part of BCNA.

The survey results show that BCNA was very effective in improving participants' self-perceived understanding of the credit system and their capabilities in managing and using credit. Approximately 40% of participants stated that they both knew more about how the credit system works and that they were much more confident using and managing credit after coming to BCNA. (Q20 & Q21) Almost 90% of participants reported at least moderate improvement in both areas. These high levels of improvement indicate that BCNA's services have directly enhanced the ability of participants to operate within the credit system. Knowing more about the fundamental mechanics of a credit score makes these participants more capable in monitoring their credit behavior, using credit in a smarter way and maintaining a stronger credit record. This in turn broadens participants' access to capital, which given the trends of BCNA's client base means access to a greater variety of credit.

Just as important as credit skills is savings behavior. It is common for a loan applicant to come to BCNA without a savings account. Similarly many clients initially lack a structured savings routine. The survey results show that BCNA has heavily affected how participants perceive the concept of saving and how regularly they save money. Almost three quarters of participants with savings accounts stated they made savings deposits more frequently after coming to BCNA. While most clients reported having a savings account, more than one-third said they opened their account after coming to BCNA. Of those who did not have a savings account when they first came to BCNA, nearly one-half opened one afterwards. In these cases, BCNA not only helped participants to save *more* routinely, the organization also helped participants to *begin* saving routinely.

Perceptions of Financial Situation

A majority of participants stated they felt their economic situation had improved from an income and savings standpoint since they came to BCNA. One in three participants reported their annual savings amount had greatly increased. These participants were also significantly more likely to report that they purchased household assets than the participants who stated their annual income increased moderately or did not change. While a lack of data makes it impossible to determine how their economic situations have changed quantitatively, it is just as useful to know that a majority of participants were optimistic about their economic situation and perceived it to be on an upward trajectory.

Use of Financial Resources

Participants reported very limited use of financial resources outside of BCNA. On the one hand, participants did not use services that are often exploitative or financially damaging. Only one participant reported using a pawnbroker. Only two reported using check cashers, which may not be exploitative but usually charge a fee that can be eliminated by setting up a checking account. 17% of participants reported that they did not own medical insurance. Even minor medical procedures can disrupt an entrepreneur's personal and business finances. BCNA should include the importance of medical insurance and other major types of insurance in its workshops.

The survey results demonstrate that participants are extremely dependent on BCNA financing for business growth. Just 13% reported obtaining financing from other microfinance organizations; not one participant reported receiving financing from or investors. As a critical link in helping disadvantaged New American businesses progressively obtain larger lines of credit, BCNA should strongly consider adding former client access to mainstream loans as a outcomes measure.

Social Outcomes

Social Networks

Social networking creates social capital. Entrepreneurs use different kinds of networking to survive and expand their businesses (e.g. marketing, financing, advice & mentoring, etc.). The durability of social capital will affect the success of a business. Candace (2004) classifies different types of networks (peer lending, chamber of commerce, alumni, sector-based, affinity groups, community and referral) and examines (through case studies) the process of building each network type.²⁷

Building a social network is essential for start-up entrepreneurs, as they have limited financial assets and few loyal customers. Start-up entrepreneurs can be referred to customers, suppliers and local authorities, and receive advice from a network. Some network members serve as cosigners.

Two-thirds of the respondents (68.1%) would like to obtain additional loans to expand their businesses. (Q53) Larger loans, however, require a cosigner. Two symbolic comments below indicate that underdeveloped social networks are preventing them from expanding their businesses.

²⁷ Candace 2004

Last time I request a loan for \$5,000 they asked me to bring a cosigner. I was unable to find anyone who could help me and almost withdrew my application. The only person I found who could help me asked me to pay him \$200 so he could be my cosigner. I did this because I had no choice. So this was a loss for me. They should increase the minimum loan amount they lend without a cosigner to \$6,000.

I am unable to find a cosigner. I have been a customer for nearly 7 years, and I believe that I have a good payment record. I should qualify for a higher loan amount without a cosigner.

Social networks are valuable in other ways. Microbusinesses can be easily affected by the business owner's personal condition (e.g. family care and illness). If the business owner finds a partner, the partner can assist with the business during emergencies. In building a support network, a business owner might also create relationships with business advisors and loyal customers.

Empowerment

The focus group revealed two key findings on participant empowerment. First, participating in the U.S. financial system often requires New Americans to rapidly learn new societal and cultural norms. Second, the language and education barriers that New Americans encounter upon arrival in the U.S. can be discouraging. Comments made during the focus group indicated that BCNA assisted these participants in overcoming these issues.

Focus group participants were not accustomed to the American credit and lending system when they arrived in the US. Participants saw lending as a loosely regulated concept. One participant explained: "I didn't come into the system knowing I was supposed to pay strictly on time. I would always hold onto my payments until the last minute like in Africa. I didn't know I had to pay routinely month by month, little by little." The manner in which one's debt was paid did not matter to participants in Africa as much as it does in America, so long as that debt was paid in whole at a reasonable time. The weight placed on *how* one pays one's debts and the impact it can have on access to capital was novel to participants upon their arrival in the U.S.

Participants were confronted with the following statement: "building credit is an American and European system." Each participant signaled agreement to this statement. One participant remarked: "Interest is forbidden in my culture. In my culture and religion this system of credit doesn't exist. There are Muslim banks without interest..." While "without interest" does not necessarily mean "free loan" (some Muslim banks charge a flat fee up front, others structure fees in other ways), there still seems to be a major experiential difference between interest-centered and interest-free systems, given how Participant 5 described debt payment in his homeland. His comments connect interest-free loans with a flexible lending structure, which is logical. With interest comes the precise measurement of time and risk. Interest breeds the necessity for routine and for meticulous monitoring, along with the increased desire to act on collections. Participant 5's comment also offered some insight into the deep seeded cultural and religious correlation to a lenient lending structure in Africa, which in turn indicated both how widespread that structure might be and how drastically contrary the US system must appear.

Unfamiliarity with the US credit system was not contained to Participant 5's experience. Participant 4 mentioned that when he entered into business in America he "*didn't know what a credit card was*". Participant 6 stated: "*when I first came (to the US), I... had no credit*". Each of these participants emigrated from a different country in Africa. While it is unknown whether Participants 4 and 6 were also Muslim and whether they were also acquainted with an interest-

free system in their homeland, their comments still well reflected an initial discord with the US credit system, sourcing from a contrast with African protocols.

In empowering its clients, one of BCNA's main tasks is to assimilate clients to the US credit system, and to make them understand that progressive success in business and a strong credit position are inexorably linked. It is imperative that clients finish BCNA's programs knowing fully that the behavior they exhibit in handling their debt is closely measured and matters greatly.

The survey findings showed that BCNA succeeded in this regard. It was the focus group, however, that revealed the impact of this success. Participant 5 stated: *"(One) can't go anywhere without credit in the US. I took the opportunities (offered at BCNA) and my credit score increased a lot, my business got better..."* Participant 6 recalled a similar experience: *"When I first came (to the US), I as well had no credit. BCNA helped me to fix that. (Now) I want to expand, maybe buy a second store, and eventually become a wholesaler. Now that I have good credit I can do that."* Participant 5 and 6's comments showed that acquiring good credit through BCNA not only helped to grow their businesses, but instilled a confidence in them as business owners along with an ambition to expand. BCNA's credit improvement programs empowered clients by making them feel integrated into the system, and therefore able to grow within it.

Overcoming Professional Barriers

While many immigrants and refugees come to the US because they had very little opportunity for gainful employment or education in Africa, some come to the US having previously held solid positions in their homelands. Participants expressed how it was difficult to translate the positions they held in Africa into comparable positions in the US. Participant 6 recalled: *"I had a good situation in Africa. I was a teacher in a business school. I didn't speak English (when I came to America)... (so) I worked as a security guard and other jobs."* Participant 3 similarly noted: *"I was a judge in Africa for 9 years before I moved here. It will take me awhile to reach the same level of comfort here."* Reaching an adequate level of English proficiency combined with completing required courses of study can be a long, arduous, and at times frustrating process.

Entrepreneurship allows immigrants and refugees to attain the economic stature they desired when they came to America, regardless of professional background. Participants noted how BCNA help them strengthen their businesses and their self-confidence. Participant 3 gave a thorough description of BCNA's impact on her professional progress:

"BCNA helped me get out of a frustrating working situation. I was away from my kids...a lot. BCNA allowed me to have my own business and have more time to...watch over my kids. Now I'm more comfortable and secure...Being economically dependent is a goal we have...For me, my current business is just to pay my daily expenses. I'm a full time student. Being a student and having my own business now, however, has given me the confidence that I can reach my goals in the future. I'm doing my business how I want and I have several good customers. My business allows me to go to school full time and it makes me confident."

BCNA financing helped Participant 3 strengthen her business to the point where it granted her a level of economic independence from which she could study full time without having to make overwhelming sacrifices elsewhere. Most importantly, BCNA helped Participant 3 develop confidence as an entrepreneur with optimistic long term goals. Most participants outlined long term goals, such as opening a large retail shop or assembling a fleet of taxis. A couple stated the goal of buying a house. For some, attaining even a moderate level of ownership through BCNA instilled a feeling of empowerment. Participant 1 stated: *"I'm more confident. I got \$3,000,*

and now I have my own car. I don't have to pay a lease, it's mine." Even small BCNA loans can help clients pass the psychological milestones of considering themselves successful in their endeavors, in command of their business, and as entrepreneurs with the potential to grow further.

Satisfaction

Participants were pleased with BCNA's services and grateful for the impact BCNA has had on their lives. However, there were a few areas where they saw flaws in BCNA's structure. First, these issues pertained to perceived barriers in gaining access to loans of larger amounts and to the IDA program. Second, a few of the participants also expressed a desire for a case manager that could provide industry specific advice on business management. Third, participants illuminated the fact that BCNA doesn't have an outreach department like most other microfinance organizations. Last, participants felt that workshops and workshop series could be improved by both making them longer and providing translators.

As noted among survey participants, those in the focus groups highlighted the \$3,000 limit on loans for which a cosigner was not required. Participant 3 explained how it is more difficult for a refugee or immigrant to find a cosigner: *"How do you expect me to have a cosigner for a loan over \$3,000 in America, where I have no contacts or relations?"* The other participants seemed to agree with this grievance, notably Participants 1 and 7. It is understandable how finding a cosigner might be frustrating when one may not have a relationship with that level of trust in a place that is relatively new.

Participants suggested that this problem might be solved by BCNA placing more weight on the qualifications and work experience of the applicants. Participant 5 commented: *"(BCNA) gives the same amount of money to people who held far higher positions as to people with less education and experience. BCNA should divide its services and loan considerations more specifically. They should start considering the skills and background of the applicants more closely."* Participant 7 agreed that *"BCNA should focus on the skills of the person"*. Changing cosigner policies and guarantee-free loan limits involve significant financial risk for any lender. In order to avoid higher financial risk, these changes might focus on strengthening clients' professional support networks, such that finding a cosigner becomes easier.

After reviewing this criticism, BCNA staff responded that they understand it and are currently considering strategies by which to address it. The most prominent strategy in consideration is one in which loan clients are encouraged to grow into larger cosigner-free loans by paying the standard sized loans back in a stable, routine manner. Tshering also noted that while she understands the frustration associated with the \$3,000 limit, the reality of the situation is that BCNA still endures its highest delinquency rate from clients who qualify for \$3,000 loans or below. Cosigners are necessary to guarantee these small loans due to the fact that collateral is not an option. The damage that would be incurred by many of BCNA's clients by BCNA foreclosing on even low-value collateral could be enough to put them out of business. BCNA relies primarily on thorough character-based interviews and cosigners to reduce default risk.

A few participants felt that many refugees probably could not participate in the IDA program because they were granted their refugee status too long ago. Participant 8 commented: *"3 years is too short. 5 years would be good for me. (Most people wouldn't have) been in this country for enough time to know about BCNA."* Participant 3 agreed with the statement, and most of the other participants seemed to gesture as though they agreed.

BCNA staff collectively agreed with the focus group participants on this issue. However, the 3 year eligibility limit is not set under the authority of BCNA, but rather under that of the Office of Refugee Resettlement (ORR). Tshering commented that BCNA has raised the issue with the ORR several times, and has recently gotten word that the policy may be altered soon. BCNA hopes that the prerogative of the ORR will change so that more refugees will have access to the IDA program.

Some participants felt that BCNA should offer more in terms of post-loan advice. Participant 8 expressed his needs thoroughly:

“Follow up is very important... what are you doing with the loan? (What are your) long term business plans after the loan is taken out... How should I develop my business? I (always) need advice because I never know enough. I’ve been in business for 9 years, and still need people outside my business to give advice because there’s always something they’ll know that I don’t.”

While the need for industry specific advice is a pressing one, it is not likely a service that lies within the constraints of an organization like BCNA.

While BCNA does not have the capacity to incorporate a business counseling department, the staff mentioned that they are currently investing time in training themselves in business management within a few key industries. Loan officers dedicate a portion of the time outside of imperative daily operations to researching regulations, asset and financial structures, and trends within industries common among the clients they serve. The goal is to make loan officers more effective in one-on-one technical assistance. While BCNA would be interested in offering workshops focused on business management in specific industries, they tried doing this in the past on a client request basis but consistently had low attendance turnouts.

BCNA’s lack of a dedicated outreach department was seen as a setback for their relationship with target communities. Participant 5 stated: *“BCNA doesn’t have an outreach branch like other programs do...BOC has outreach workers who go into the community and explain the products and process in their own respective language, from the community for the community.”* Participant 3 agreed: *“(BCNA) needs someone going to the community and talking to people heart to heart.”*

While BCNA does engage in some forms of outreach such as attending community conferences, hosting business workshops in target communities, and maintaining strong referral relationships with other organizations, BCNA does not employ the direct “door-to-door” outreach activities that the focus group participants were referring to. Considering that many refugees within BCNA’s target communities are in a new country and unacquainted with the way the financial system works or the opportunities available to them, an effort to reach out to them at a more direct and personal level would be a valuable one.

While most staff members agree that this kind of outreach would be valuable, Tshering notes that again, BCNA is not capable of building an extensive outreach program. BCNA staff members need to devote too much time to underwriting, collections, and post-loan technical assistance and are not able to go into target communities consistently. However, BCNA Senior Loan Officer Leonid Ostrovsky suggested that BCNA should raise its efforts in developing a referral-based outreach system. Ostrovsky wants BCNA to be more active in identifying key leaders in target communities and establishing strong strategic relationships through which BCNA can acquire clients.

Finally, participants took issue with the absence of translators at workshops. Participants also noted that the workshop series did not consist of enough sessions for the attendants to learn the material thoroughly. Participant 7 commented on a workshop he attended: *“Some people didn’t get anything out of it...due to language and education.”* Participant 8 also reflected on his experience: *“(There are) 3 days for a workshop to learn major things about topics like social media. It’s too short. How can we learn everything we need to know in 3 sessions?”*

BCNA staff members agree that something should be done about providing translators at workshops. Tshering commented that while BCNA does offer translators when blatantly necessary, she does nonetheless recognize the need to offer translators more frequently.

5. Conclusions

BCNA's West African refugee entrepreneurs face multiple barriers to business development in the United States. Clients lack the knowledge, skills, and support networks that are essential to business and financial growth. Addressing these needs through microlending and educational programs generates economic and social benefits, particularly improved self-confidence and empowerment.

Microfinance program case studies generally avoid the evaluation of social outcomes. This is unfortunate; not all impact is best expressed in quantitative, economic terms. This study's inclusion of qualitative survey and focus group methods provided researchers with rich, holistic information about participants' experience in and benefits derived from microenterprise.

The results of the survey also showed that while BCNA effectively improved the participants' standing across many progress measures, the organization did not strengthen participants' support networks (beyond BCNA). BCNA was most successful in enhancing credit management skills and savings behavior. Participants came away from BCNA's programs understanding how credit scores work, using credit with a much higher level of confidence, attributing much more value to saving money, and more frequently making savings deposits. Participants became more confident performing fundamental business practices such as sales tracking, cost management, inventory management, and cash flow projections as a result of BCNA programs. Most participants felt more optimistic about their general economic situation and added assets to their household. Given that most of BCNA's clients possess few assets at intake, these perceptions of overall improvement are important. One area that was shown not to have improved, however, was the strength of participants' social networks. The survey found that most participants had weak support networks outside of BCNA, and BCNA did not effectively expand these networks.

The focus group showed that while participants did have criticism for BCNA in some areas, they were generally satisfied with BCNA's services and thankful for the benefits BCNA brought to their professional lives. Participants explained how because of BCNA training and financing, they gained a sense of ownership and of integration within the financial system. This in turn made them more confident in their skills, their businesses, and their business potential. Both the survey and the focus group suggested that BCNA is a valuable asset to the refugee community, and has helped refugees build stronger businesses and more capable, responsible, and confident business people.

Suggestions for Future Research

Economic impact and social impact are mutually important to evaluating microfinance. Research should continue in both areas on an individual basis, but it would also be valuable to research them simultaneously, in a synchronized manner that explores any causality between the two. Economic progression is tightly linked to the confidence and optimism of actors within the given economy. A study that linked both the economic and social impacts of a microfinance program would allow observers to gain an understanding of the relationship between the two. This in turn would allow observers to disaggregate microfinance factors and determine causation.

While the data for this survey was adequate, it was not optimal. Should a similar project be undertaken in the future, accurate data on relevant demographic factors such as years of education and annual revenues would be useful. Data necessary for regression analysis would also be desirable. It should also be noted that every microfinance organization offers its own unique services and has its own unique background. Outcome assessments should account for

and document specific programmatic context. Similarly, this study should not be generalized to reflect other microfinance organizations.

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Appendix

Q1. Interviewer

Q2. Participant Number

Q3. Participant Age

	Number	Percentage
30 and younger	1	2.2%
31-35	6	13.0%
36-40	6	13.0%
41-45	9	19.6%
46-50	13	28.3%
51-55	6	13.0%
56-60	4	8.7%
61 and older	1	2.2%
Total	46	100.0%

Q4. Country of Origin

Country	Region	Number	Percentage
Mauritania	West Africa	17	37.0%
Guinea	West Africa	13	28.3%
Burkina Faso	West Africa	3	6.5%
Liberia	West Africa	3	6.5%
Senegal	West Africa	3	6.5%
Sierra Leone	West Africa	3	6.5%
Mali	West Africa	2	4.3%
Chad	East Africa	1	2.2%
Uzbekistan	Central Asia	1	2.2%
Total		46	100.0%

Region	Number	Percentage
West Africa	44	95.7%
East Africa	1	2.2%
Central Asia	1	2.2%
Total	46	100.0%

Q5. Gender

	Number	Percentage
Male	29	63.0%
Female	16	34.8%
NA	1	2.2%
Total	46	100.0%

Q6. BCNA Services Pool

	Number	Percentage
IDA and Microloan	35	76.1%
Only Loan	8	17.4%
Only IDA	3	6.5%
Total	46	100.0%

Q7. Do you currently use a computer for business at all?

	Number	Percentage
No	25	54.3%
Yes	20	43.5%
NA	1	2.2%
Total	46	100.0%

Q8. Do you use computers more after coming to BCNA?

	Number	Percentage
Yes	12	26.1%
No	32	69.6%
NA	2	4.3%
Total	46	100.0%

Q9. Did you take our class "How to Start and Run a Small Business" with Eugene?

	Number	Percentage
Yes	35	76.1%
No	11	23.9%
Total	46	100.0%

Q10. When you were taking the class, did you feel like there was a language barrier that stopped you from learning as much as you could?

	Number	Percentage
Yes	20	43.5%
No	17	37.0%
NA	9	19.6%
Total	46	100.0%

If yes, what is your primary language?

	Number	Percentage
Foulani	6	13.0%
French	6	13.0%
Foulani & French	5	10.9%
Morre	1	2.2%
Total	18	39.1%

Q11. Did your time at BCNA change the way you think about running your business at all?

	Number	Percentage
Yes	40	87.0%
No	6	13.0%
Total	46	100.0%

Q12. Do you feel like your business is more organized or "planned out" after coming to BCNA?

	Number	Percentage
Yes	42	91.3%
No	4	8.7%
Total	46	100.0%

Q13. After coming to BCNA, do you market (promote) your business at all?

	Number	Percentage
Yes	27	58.7%
No	19	41.3%
Total	46	100.0%

Q14. If not, why don't you market?

	Number	Percentage
Don't think it will help my business at all	6	31.6%
I think it could help my business, but my budget is too tight	9	47.4%
I still don't really think I know how to do marketing the right way	2	10.5%
NA	1	5.3%
Total	19	100.0%

Q15. If so, did you start marketing your business more after coming to BCNA?

	Number	Percentage
Yes	24	88.9%
No	3	11.1%
Total	27	100.0%

Q16. If so, do you feel like BCNA helped you plan your marketing better?

	Number	Percentage
Yes	25	92.6%
No	2	7.4%
Total	27	100.0%

Q17. If so, do you use the internet to help market your business at all?

	Number	Percentage
Yes	8	29.6%
No	19	70.4%
Total	27	100.0%

Q18. How much more confident do you feel keeping a record of your sales?

	Number	Percentage
Not any more at all	12	26.1%
Somewhat more	17	37.0%
A lot more	13	28.3%
NA	4	8.7%
Total	46	100.0%

Q19. How much more do you feel you trust banks and credit unions?

	Number	Percentage
Not any more at all	5	10.9%
Somewhat more	15	32.6%
A lot more	13	28.3%
NA	13	28.3%
Total	46	100.0%

Q20. How much more confident do you feel using a credit card and managing your credit?

	Number	Percentage
Not any more at all	5	10.9%
Somewhat more	17	37.0%
A lot more	19	41.3%
NA	5	10.9%
Total	46	100.0%

Q21. How much more knowledgeable do you feel about the different things that affect your credit score?

	Number	Percentage
Not any more at all	9	19.6%
Somewhat more	16	34.8%
A lot more	20	43.5%
NA	1	2.2%
Total	46	100.0%

Q22. How much better do you think you are at managing your business costs and keeping them as low as possible?

	Number	Percentage
Not any more at all	1	2.2%
Somewhat more	23	50.0%
A lot more	14	30.4%
NA	8	17.4%
Total	46	100.0%

Q23. How much more confident are you predicting how much you will make and what your costs will be in the next month or two?

	Number	Percentage
Not any more at all	12	26.1%
Somewhat more	22	47.8%
A lot more	8	17.4%
NA	4	8.7%
Total	46	100.0%

Q24. How much more confident are you managing your inventory and buying the right amount of goods and supplies?

	Number	Percentage
Not any more at all	5	10.9%
Somewhat more	16	34.8%
A lot more	9	19.6%
NA	16	34.8%
Total	46	100.0%

Q25. How much more confident are you that your business will grow?

	Number	Percentage
Not any more at all	2	4.3%
Somewhat more	17	37.0%
A lot more	24	52.2%
NA	3	6.5%
Total	46	100.0%

Q26. Are you planning on expanding your business sometime in the future?

	Number	Percentage
Yes	39	84.8%
No	4	8.7%
NA	3	6.5%
Total	46	100.0%

Q27. If so, are you confident that you will be able to expand in the right manner?

	Number	Percentage
No	0	0.0%
Kind of	5	12.8%
Yes	34	87.2%
Total	39	100.0%

Q28. After coming to BCNA, are you now comfortable writing a business plan?

	Number	Percentage
Yes	26	56.5%
No	18	39.1%
I was always comfortable writing a business plan	2	4.3%
Total	46	100.0%

Q29. Which of these accounts do you use? If any, did you have at least one of them before you came to BCNA? [Multiple Answer (MA)]

	Number	Percentage
Savings account, had it before BCNA	21	45.7%
Savings account, got it after coming to BCNA	12	26.1%
Checking account, got it before BCNA	34	73.9%
Checking account, got it after BCNA	8	17.4%
Total	46	100.0%

Q30. After coming to BCNA, do you think it's more important to save money?

	Number	Percentage
Always thought savings were important	1	2.2%
No, not at all	2	4.3%
Yes, somewhat	13	28.3%
Yes, a lot	21	45.7%
NA	9	19.6%
Total	46	100.0%

Q31. How often do you currently deposit money into savings?

	Number	Percentage
Once a week	9	19.6%
Once every other week	11	23.9%
Once a month	9	19.6%
Once every other month	4	8.7%
No savings account	10	21.7%
NA	3	6.5%
Total	46	100.0%

Q32. Would you say that since you've come to BCNA you've started to deposit savings noticeably more often?

	Number	Percentage
Yes	24	52.2%
No	9	19.6%
NA	13	28.3%
Total	46	100.0%

Q33. Would you say you started to put in more money each time you deposit into savings since you came to BCNA?

	Number	Percentage
Yes	18	39.1%
No	17	37.0%
NA	11	23.9%
Total	46	100.0%

Q34. Do you usually feel like you're financially secure (safe)?

	Number	Percentage
Yes	27	58.7%
No	19	41.3%
Total	46	100.0%

Q35. Do you use any of these financial services? [Multiple Answer (MA)]

	Number	Percentage
Money transfer operator	29	63.0%
None	17	37.0%
Check casher	2	4.3%
Pawnbroker	1	2.2%
Payday lender	0	0.0%
Total	46	100.0%

Q36. What kind of health insurance do you have?

	Number	Percentage
Business insurance (your company joins an insurance plan)	4	8.7%
Private insurance (you join an insurance plan as an individual)	2	4.3%
Spouse's Employer (your spouse's company joins an insurance plan)	1	2.2%
Medicaid	29	63.0%
Medicare	1	2.2%
No insurance	8	17.4%
Not sure which kind	1	2.2%
Total	46	100.0%

Q37. Do any of these groups support your business by contributing some money or buying frequently from your business? [Multiple Answer (MA)]

	Number	Percentage
None	24	52.2%
Friends	13	28.3%
Family	11	23.9%
Neighbors	7	15.2%
NA	1	2.2%
Total	46	100.0%

Q38. Do you receive money from any of these sources?

	Number	Percentage
Banks	0	0.0%
Investors	0	0.0%
Credit Unions	0	0.0%
Other Microfinance Organizations	6	13.0%
None	40	87.0%

Total	46	100.0%
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Q39. If so, was your BCNA training important in helping you gain access to these sources?

	Number	Percentage
Yes	2	16.7%
No	10	83.3%
Total	12	100%

Q40. After coming to BCNA, are you more confident going to places like these and applying to receive capital (money)?

	Number	Percentage
Not more confident at all	3	6.5%
Somewhat more confident	4	8.7%
A lot more confident	4	8.7%
NA	35	76.1%
Total	46	100.0%

Q41. Has your time at BCNA helped you connect with any important business people outside of BCNA staff?

	Number	Percentage
Yes	9	19.6%
No	37	80.4%
Total	46	100.0%

Q42. If so, who?

(Omitted to show the answers due to proper names)

Q43. Since you first came to BCNA:

	How has the amount of your household's savings changed?		How has your household's annual income changed?	
	Number	Percentage	Number	Percentage
Decreased Greatly	1	2.2%	0	0.0%
Decreased	0	0.0%	2	4.3%
Stayed the same	8	17.4%	12	26.1%
Increased	14	30.4%	22	47.8%
Increased greatly	10	21.7%	8	17.4%
Not comfortable/don't know	2	4.3%	2	4.3%
NA	11	23.9%	0	0.0%

Total	46	100.0%	46	100.0%
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Q44. What was the largest reason for this change in your household's annual income?

	Number	Percentage
Business improved/declined or had to close	32	69.6%
Better job/worse job or unemployment	0	0.0%
Family/personal issues	0	0.0%
No changes in anything	12	26.1%
Not comfortable/don't know	1	2.2%
NA	1	2.2%
Total	46	100.0%

Q45. Has your household added assets (important appliances, TV, home or auto repair, etc.) since BCNA?

	Number	Percentage
Yes	26	56.5%
No	20	43.5%
I don't know	0	0.0%
Total	46	100.0%

Assets	Number	Percentage
TV	15	32.6%
Bed	5	10.9%
Computer	5	10.9%
Furniture	5	10.9%
Car	2	4.3%
NA	2	4.3%
Total	26	56.5%

Q46. Do you have any close mentors who advise you on how to manage and grow your business for free?

	Number	Percentage
Yes	7	15.2%
No	39	84.8%
Total	46	100.0%

Q47. Do you use the services of or get advice from any of these kinds of professionals?
[Multiple Answer (MA)]

	Number	Percentage
Tax Advisors	25	54.3%
None	17	37.0%
Accountants	5	10.9%
Lawyers	4	8.7%

Technology Specialists	2	4.3%
NA	1	2.2%
Designers	1	2.2%
Management Consultants	0	0.0%
Total	46	100.0%

Q48. Are you associated with any of these kinds of organizations?

	Number	Percentage
None	30	65.2%
Ethnicity Based Organizations	10	21.7%
Community Based Organizations	4	8.7%
NA	2	4.3%
Industry Associations	0	0.0%
Total	46	100.0%

Q49. If so, did you start participating in these organizations more after coming to BCNA?

	Number	Percentage
Yes	0	0.0%
No	18	100.0%
Total	18	100.0%

Q50. Do you feel like you know more about how the US financial system works after coming to BCNA?

	Number	Percentage
Yes	39	84.8%
No	7	15.2%
Total	46	100.0%

Q51. Do you feel more "at peace" with your business knowing you can call BCNA to help you with problems?

	Number	Percentage
Was always at peace with my business	0	0.0%
No, not at all	5	10.9%
Yes, a little	16	34.8%
Yes, a lot	16	34.8%
NA	9	19.6%
Total	46	100.0%

Q52. How do you feel your business skills have most improved after coming to BCNA?

CATEGORY	Number
Saving	10
Financial Management	9
Grow	6
Loan	5
Management	5
General	5
Other	3
Marketing	3
Product	2
Credit Literacy	2
Network	1
No Change	1

Q53. What do you feel like you still need help with the most? [Multiple Answer (MA)]

	Number	Percentage
More financing	32	68.1%
Business advice	6	12.8%
Growing business	3	6.4%
Change business	2	4.3%
Credit improvement	2	4.3%
Loan repayment	1	2.1%
Nothing	1	2.1%
NA	1	2.1%
Total	47	100.0%