Microenterprise – Why it Matters to Health and Human Service Organizations

What is microenterprise?

A microenterprise is defined as a business with five or fewer employees that can utilize initial capital of $35,000 or less. Microenterprises can be any type of business, including repair or cleaning services, computer technology, specialty foods, jewelry, arts and crafts, gifts, clothing and textiles, childcare, and environmental products and services. They can create employment for the owner and often other family members and in some cases, may grow into larger businesses that employ members of the community.

Microenterprise is an effective human and economic development strategy. Involvement in microenterprise can help low-income individuals achieve self-sufficiency and move out of poverty. Awareness of the opportunities microenterprise presents is important for health and human service organizations, as they are on the front lines of helping these individuals understand their economic options. Microenterprise should be considered a viable option for the individuals served by health and human service organizations.

A five-year longitudinal survey of 133 poor clients* served by seven microenterprise development programs showed the following results:

- 72 percent of poor microentrepreneurs increased their household income over five years by an average of $8,484, from $13,889 to $22,374.
- The poor increased their household assets by $15,909 over five years.
- Over half – 53 percent – of poor entrepreneurs moved over the poverty line.
- Reliance on public assistance decreased by 61 percent.

* The survey was conducted by the Self-Employment Learning Project (SELP). Poor clients are defined as those with household incomes 150 percent of the poverty line.
(Source: Clark, Peggy and Amy Kays. Microenterprise and the Poor. Washington, D.C.: The Aspen Institute, 1999.)

What role do health & human service organizations have in microenterprise development?

Health and human service organizations can use microenterprise development as a strategy to promote economic self-sufficiency for low-income individuals.

Health and human service organizations providing case management or related services can:

- Guide individuals with entrepreneurial inclinations to local microenterprise organizations and resources; and
- Suggest microenterprise as an option to relevant referral agencies such as the welfare office and employment and training agency.

ASSOCIATION FOR ENTERPRISE OPPORTUNITY
1601 North Kent Street, Suite 1101, Arlington, Virginia 22209 703.841.7760/Fax 703.841.7748
Email: aeo@assoceo.org Web site: www.microenterpriseworks.org

Health and human service organizations providing services to disadvantaged populations can:

- Guide women, refugees, minorities, persons with disabilities and other disadvantaged populations to local microenterprise organizations and resources.

Health and human service organizations focusing on employment and training can:

- Develop a microenterprise program within their organizations;
- Connect their clients with local microenterprise development organizations for access to capital, training, and technical assistance services.

Health and human service organizations focusing on community and economic development can:

- Explore local resources and opportunities for microenterprise as an economic development tool.

Health and human service organizations using microenterprise will:

Provide individuals with an innovative path out of poverty

Help individuals to become self-sufficient

Offer America a successful economic development strategy

Help individuals increase their income, assets, and net worth

Reduce an individual's reliance on welfare

Increase an individual's self-esteem, improve his/her quality of life, and increase his/her involvement in the community

Offer a holistic approach by integrating social welfare issues with community economic development

How can the Association for Enterprise Opportunity help?

The Association for Enterprise Opportunity (AEO) is the national association for the microenterprise development industry. Its mission is to support the development of strong and effective U.S. microenterprise programs to assist underserved entrepreneurs in starting, stabilizing and expanding businesses.

AEO offers its 450+ members a forum through which to communicate; information from which to learn and a voice to be heard to promote enterprise opportunity for people and communities with limited access to economic resources. Membership in AEO is open to practitioners, individuals, advocates, public agencies, funders, and others who share in AEO's mission.

Visit AEO's website at **www.microenterpriseworks.org** for information on microenterprise in the U.S. and for a listing of local microenterprise development organizations near you. E-mail AEO at aeo@assoceo.org or call 703.841.7760 for more information on what you can do to bring microenterprise into your health and human service work.

Prepared for the members of the National Assembly of Health & Human Service Organizations by:

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