Micro-Enterprise Training (MET) Program: An Innovative Response to Welfare Reform

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ABSTRACT. In this paper, I present a case study of a Micro-Enterprise Training program (MET) that was designed especially for people trying to leave welfare, and to do so by starting their own very small businesses earning at least $7 per hour. Before presenting the case study, I briefly review the literature on welfare reform, wage employment, and micro-enterprise development. Then I discuss the MET program—an innovative response to welfare reform—in its details, capturing the “voices” of the major stakeholders. Finally, I share the barriers and the successes faced by the program as well as the lessons learned, that allow identification of best practices at individual micro-entrepreneur and program levels for running successful micro-enterprise programs. I intend for this paper to teach social work practitioners and students more about micro-enterprise development as a strategy for economic advancement, and encourage more social work involvement in micro-enterprise development programs. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-342-9678. E-mail address: <getinfo@haworthpressinc.com> Website: <http://www.HaworthPress.com> © 2001 by The Haworth Press, Inc. All rights reserved.]

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“I want my own business. I want to be successful in my own business,” said Danielle and Debra, two participants of the Micro-Entrepreneurial Training (MET) program. Danielle is 27 and Debra is 33 years

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old; they are divorced mothers of young children, facing welfare reform. Both were teen parents both dropped out of high school, but later completed their GEDs and some college education. Danielle wanted to start a daycare in her home because that would allow her to care for her baby boy, while Debra, with “fifty million jobs,” wanted to be her “own boss” doing graphic design from her home. Currently, both are running their desired businesses—micro-enterprises or very small businesses—and are off cash assistance from the state welfare department. Other MET program participants have started or will start micro-enterprises such as catering, cleaning, elderly-care, youth mentoring, braiding, and job preparation for women facing welfare reform. These examples illustrate that these very small businesses require little capital investment but, when matched with a micro-entrepreneur’s skills, experience, and market demand, have the potential to generate income.

Helping welfare recipients to grow a micro-enterprise is not a mainstream economic strategy in the United States. Generally, the notion of “business” evokes a sense of uncertainty: high risk, capital investment, and business failure. Thus, we social workers—primarily stable wage earners—avoid the thought of business, rarely considering a micro-enterprise could be a viable economic option for some of our clients. Instead, as social workers we expect our clients to find wage employment—do what we know works for us—no matter how low-paying or unstable the job. Starting and growing a micro-enterprise to create economic self-sufficiency is not easy; nor is it for everyone. But micro-enterprises do work for some self-selected individuals, especially when there is a good fit among the business idea, ability to operate it, manage personal circumstances, a market demand for the service/product, and ability to address policy barriers (Raheim, 1997; Clark, Kays, Zandniapour, Soto, Doyle, 1999).

In this paper, I present a case study of a Micro-Enterprise Training program (MET) that was designed especially for people trying to leave welfare, and to do so by starting their own very small businesses earning at least $7 per hour. Before presenting the case study, I briefly review the literature on welfare reform, wage employment, and micro-enterprise development. Then I discuss the MET program—an innovative response to welfare reform—in its details, capturing the “voices” of the major stakeholders. Finally I share the barriers and the successes faced by the program as well as lessons learned, so far, that allow identification of best practices at individual micro-entrepreneur and program levels for running successful micro-enterprise programs. I intend this case study to teach social work practitioners and students more
about micro-enterprise development as a strategy for economic advancement and to encourage more social work involvement in micro-enterprise development programs.

**LITERATURE REVIEW: WELFARE REFORM, WAGE EMPLOYMENT AND SELF-EMPLOYMENT**

Welfare Reform. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, 1996, P. L. 104-193) is the first substantial welfare reform since the enactment of AFDC in 1935 (Dinerman & Faulkner, 2000; Jimenez, 1999; Karger & Stoesz, 1998). PRWORA has various ramifications (Karger & Stoesz, 1998); however, the major changes are that welfare is no longer a right, that certain recipients are required to work first, and that there is a five-year or less (Hagen, 1999) lifetime limit on welfare eligibility. One aspect of PRWORA that pertains directly to the MET program is related to able-bodied adults without children under age one, who are receiving cash assistance for two years or more, and facing at least two barriers to maintaining a steady job. These two barriers could be any of the following: no or poor work history, no high school diploma, teen parent, pregnant teen, domestic violence, chemical dependency, mental health or health issues. Individuals who fit this classification are referred to as welfare-to-work (WtW) beneficiaries under the Temporary Assistance to Needy Families Act (1996), and they are required to “work first” and face a “time limit.”

With the American economy booming, and unemployment at a 30-year low, getting a job and exiting the welfare system seems easy to some. In some states the welfare rolls have shrunk almost by half and in others by more than 80% (Pearce, 2000). However, recognizing the difficulty for some WtW-eligible individuals to immediately and easily secure a job because of their defining characteristics mentioned earlier, some programs have been set up to address their multiple barriers to employment. Most programs prepare WtW individuals for wage employment (Pearlmutter & Bartle, 2000; Sansone, 1998) despite the fact that these are minimum wage, entry-level jobs with little or no opportunity for upward mobility and few if any fringe benefits (Clark et al., 1999). Also, historically the marketplace has never provided sufficient wages to raise public income assistance families out of poverty (Segal, 1997). Further, Carnevale and Sylvester (1999) note that achieving “work first” may have been easy, but making work pay is proving more
difficult. Moreover, Cancian and Meyer (2000) analyzed the relationship between work history and economic success during the first five years after women leave welfare. They found that over time, median wages and hours worked increased and earnings generally improved. However, even in the fifth year, only one in four consistently worked full-time. Thus, they concluded that employment itself is not a guarantee of economic success.

Similarly, a study conducted by the Kansas Department of Social and Rehabilitative Services (SRS, 2000) reports that the cash assistance caseload declined by more than 40% over a two-year period. However, 35% of these families subsequently returned to TAF after their cases were closed, and more than half of those who returned came back within six months after their exit. More important, however, is the finding that only 16% left because of excess earnings. In this study, of the remaining 84% of families, data are not available for 28% of families. The rest were dropped off the rolls due to sanctions for not meeting requirements such as monthly report forms (18%), failed work requirements (24%), no eligible child (7%), and failed CSE requirement (7%). It is speculated that among the 18% dropped for non-return of monthly report forms, some failed to do so because they were earning a living. If the later speculation is true, a maximum of 34% (16% + 18% = 34%) of the 40% that got off the rolls may have done so because of income. Clearly, income from wage employment is not the main reason for dropping welfare rolls in Kansas.

Micro-Enterprise Development. Micro-enterprise as an anti-poverty strategy flourishes in third-world countries. Micro-enterprise is one of the few third-world technologies that has been transferred to the United States (Bornstein, 1996). The micro-enterprise development movement started in the U.S. in the 1980s primarily as a response to the economic realities of the Reagan era. In 1999 there were 342 reported micro-enterprise development programs operating in the U.S. (Clark, 2000). Some of these programs are run by women’s organizations supported by private funding, others are community action agencies supported by public monies. Some serve women of all economic levels, others serve only low-income women, while still others serve low-income men and women. Some programs are training-led, others are credit-led; some require collateral, most charge interest on the loan, and a few follow the Grameen model of lending (Banerjee, 1998). Together, these programs serve 55,756 clients annually (Clark, 2000).

There have been two major evaluations of micro-enterprise programs in the U.S. Raheim (1996) reported on a Self Employment Demonstr-
tion (SEID) program—a national micro-enterprise demonstration project—targeted towards welfare recipients in five states. She randomly interviewed 120 SEID participants, and found that the program had both economic and psycho-social benefits. Sixty percent of women terminated their AFDC benefits, about 80% of businesses were operating for about three years, some businesses created new jobs, and participants reported a significant increase in confidence, self-esteem, and sense of control over their futures. Raheim (1997) and Raheim and Alter (1998) conclude that micro-enterprise is an effective strategy for income generation and asset building for self-selected welfare recipients when the necessary supports such as business training and assistance in locating operating capital are provided, and policy barriers such as income and savings are removed.

The Aspen Institute conducted another evaluation, also of five micro-enterprise programs, known as the Self-Employment Learning Project (SELP). This assessment tracked the progress of 405 individuals running micro-enterprises from 1991 to 1997. Of these individuals, 133 had household incomes at or below 150% of the poverty line in the first year of the study. The major findings of this study are: (1) 72% increased household income; (2) 53% crossed the poverty line through income from micro-enterprise; (3) average change in household income was $8,484; (4) poor people fared significantly better than non-poor people; (5) the entrepreneurs (49%) who stayed open fared the best. This study concludes that despite high risks, micro-enterprise is a successful strategy, and that those who “hit it right,” in terms of their business idea, ability to implement the business, while simultaneously balancing their personal and family issues, were very successful (Clark et al., 1999).

Thus, there are more than three hundred reported micro-enterprise programs in the United States. Independent evaluations show that micro-enterprises allowed at least fifty percent of the owners to increase their incomes and get off poverty. Why are only a handful of professional social workers involved in these programs? Why does the social work literature emphasize wage employment as the route out of poverty? Is it more expensive to run micro-entrepreneurial programs? Cost-effectiveness studies of employment preparation and micro-enterprise programs show that they are comparable (Clark et al., 1999). Part of the answer to lack of social work involvement with micro-enterprise development lies in the fact that very little (Else & Raheim, 1992) has been written about how to operate these programs. Thus, best practices about micro-enterprise development programs as well as its successes...
are unknown to professional social workers. This paper seeks to initiate a discourse in the professional social work literature on micro-enterprise development as an option for economic self-reliance.

**THE MET PROGRAM**

Some (Spalter-Roth, Soto, & Zandniapour, 1994; Clark et al., 1999) believe income-patching through self-employment and wage employment is an alternative to wage employment as the only source of income. The Micro-Entrepreneurial Training Program (MET) is a pilot income-patching initiative in Kansas City, Kansas. The MET program helps WtW individuals with specific knowledge, and a loan of $2,500, if needed, to start and run or expand a micro-enterprise earning at least $7 per hour. The program has a strengths-orientation (Saleebey, 1992), and assumes that people have many skills, talents, dreams, and resources, which, when identified and matched with market needs, nurtured with business training and a loan, can translate into a viable micro-enterprise. Further, the program assumes that micro-enterprises not only generate income, but also lead to work satisfaction, role modeling for children, family and friends, and contribute to local economic growth (Banerjee, 1998). However, until the micro-enterprise stabilizes or grows, micro-entrepreneurs need to patch their income with wage and self-employment.

The MET program is unique in that it is funded by the Kansas Department of Human Resources (KDHR) and collaborates with an area welfare (SRS) and employment (KDHR) office on the one hand, and a School of Social Welfare, a Small Business Development Center (SBDC), and Center for Business Innovation (CBI), a Micro Loan Agency, on the other hand. The state area offices refer WtW-eligible individuals to the MET program, and social workers and MBAs (Masters in Business Administration) operate the program. MET program participants are expected to work at least 20 hours per week in a job related to their micro-business interest to gain experience. KDHR arranges the work placement. Additionally, SRS provides cash assistance, childcare costs, and transportation vouchers to all, and pays for other particular needs such as work clothing, equipment to run the micro-enterprise (such as a sewing machine), and specialized training such as in desktop publishing to start a micro-enterprise. Thus, the MET program offers WtW individuals a choice about income generation by helping them to patch income through wage and self-employment. Furthermore, the part-time wage employment component of
the MET program meets welfare reform’s “work first” stipulation. Consequently, the MET program is a win-win situation both for the participants and the state.

The MET Program Design

The MET program is advertised to prospective participants through a flyer, prepared by program staff, and mailed by SRS to all families receiving cash assistance. MET staff also make oral presentations at various job preparation classes required for individuals on cash assistance. Individuals are informed that if they are interested in starting a micro-enterprise they need to contact their SRS case manager to screen for WtW eligibility. SRS then refers eligible individuals to KDHR where additional screening matches individuals’ work history and career goals with the MET program. When approved, KDHR formally refers individuals to the MET program. Next, the MET program holds an orientation session where the program is described and participation requirements explicated. Those individuals voluntarily willing to participate in the program sign up. Next a joint meeting is held among four parties: SRS, KDHR, MET, and the participant to set up child-care, transportation, and part-time wage employment. Once all of these steps have been completed with all participants, they begin to participate formally in the MET program.

In any one year, two groups each consisting of 9-12 people participate in the program. One phase lasts about six months and consists of five integral parts. These parts are: (1) eight weeks of visioning, (2) 12 weeks of business training, (3) four weeks of business plan completion and graduation, (4) 24 weeks of support group, (5) about six weeks for loan application and processing when necessary, and ongoing support after business start-up, during the life of the program. In addition to attending these three-hour group sessions, participants meet every week for an hour individually with their social worker throughout the program, and with their business coach after starting the business training. The social work meetings focus on participant’s micro-enterprise goals, their strengths and barriers to meeting these goals, and an action plan towards reaching their goals. The participant and the social worker also address personal issues that interfere with meeting their goals. Further, each participant works with their business coach to complete their homework assignments associated with the business training component that results in their own micro-enterprise plan.
The primary purpose of Visioning is to help participants recapture their dreams, build self-esteem, and decide on their micro-enterprise. During this phase, participants’ vision tied to their micro-enterprise is graphically facilitated, motivation to succeed heightened, basic money management and credit issues discussed, strengths and barriers identified, and a game plan for micro-enterprise start-up is developed. MET graduates, as well as other micro-entrepreneurs, are invited to some sessions to share their micro-enterprise journey with participants. By the end of the visioning sessions, participants generally know what micro-enterprise they want to start, and whether a micro-enterprise is the right move for them. The visioning sessions are conducted by MET social workers. At the end of visioning, a mini-graduation ceremony is held to congratulate participants on their success.

The second program component is a 12-week business training session. The primary goal of this segment is to help participants understand the starting and running a micro-enterprise, and to help them develop their own business plans. The business training covers the following areas: overview of a business; myths and facts about businesses; goal setting and reaching; developing the business idea; market research, marketing and understanding customers; record keeping and filing; pricing and profitability; budgeting, break-even, start-up costs and cash flow; taxes; loans; management practices; and an action plan. At the end of this component, participants present their business plan orally to the group. An MBA associated with SBDC and with extensive experience in teaching and coaching small business start-ups is primarily responsible for teaching this component. Social workers also sit in these business training sessions to simplify elements of business concepts or jargon, when needed, to participants.

The third program component is business plan completion. During these four weeks participants polish up their business plans with their business coaches, who are primarily MBAs, especially the marketing and the cash flow sections of their plans, so that they can monitor their own progress as independent micro-entrepreneurs.

A fourth program component is support group meetings over the 24 weeks that participants engage in the program. These intend to maintain the participants’ focus on their micro-enterprise by addressing common issues. By the third week of a phase, participants set their own group norms and assign a name to their group. Issues such as savings, credit report, loan, wage employment, market research, training, licensing, as well as personal issues are discussed in these meetings. Both social workers and business coaches attend these sessions.
Once participants complete their micro-enterprise plan, all MET staff review it before participants graduate from the program. Graduation is a special event for all. Participants often invite their desired guest speaker and find a place in their community to hold the graduation; they bring at least five family members to the graduation dinner, and an MET participant caters the graduation dinner. Other MET partners such as SRS and KDHR also attend the dinner where we reiterate, “A thousand mile journey begins with the first step.”

When a participant needs a loan to capitalize her micro-enterprise, she submits a loan application that is reviewed by the micro-loan committee comprising MET social workers, MBAs, and CBI staff, as well as SRS and KDHR administrators. Upon approval, participants take out a loan directly from CBI and repay the loan on a monthly basis.

**Program Evaluation**

After each phase, I evaluate the program formally with participants, MET staff, and partners. The program is fine-tuned after each phase to improve it for all concerned. Over one and a half years, four major program changes have been introduced as a result of these evaluations. First, the visioning sessions were introduced after completing Phase I. Based on participant feedback we realized that the program needs a transition phase, the visioning sessions, to help participants prepare for making a life style change. Second, the business curriculum also underwent major revisions after Phase I to simplify it and to make it more relevant for participants. It has undergone successive revisions after Phases II and III as well. Third, the four-week business plan completion sessions were added in the third phase as Phase II participants informed us that they needed more time and help to complete their business plans. Fourth, we added a personal savings component to the program in the fourth phase when prior participants expressed interest in a saving plan. We negotiated with a local bank to allow participants to open interest bearing savings accounts without the required minimum deposit. The personal savings are expected to help participants with their start-up costs.

Here are voices of some MET Phase II participants evaluating the program. Talking about the overall MET experience, Danielle says:

> A new experience. You want to do something in life and it’s finally here, but you just don’t know how to cope with it at that time, at the beginning... starting something new in your life was really
But now, as time goes on and different things happen,... visualize what you really want to do. ... I was excited that I achieved something—that I wanted to do all my life.

Alice, another MET graduate who does part-time catering, states:

I couldn’t even imagine that it had so many different things to offer, and that you could take advantage of so many different opportunities. I got blessed with everything. I got free training, I got clothes, I even got shoes, childcare. Everything. ... I won a computer so I couldn’t be more excited about it. All I need now is a car. ... I got Christmas coming (laughs).

Talking about the Visioning sessions, Meuzic who wanted to start a nighttime child care but has not started it so far, said, “I thought it was really good. It gave a lot of people that were really unsure about what they wanted to do the courage and the strength. It gave them hope that maybe there is a chance that I can start my own business.” Reese, who contracts with SRS on job preparation training for women facing welfare reform, added, “I agree with that. It makes you look within yourself making sure this is something you wanted to do.” Meuzic further said, “Seeing how far we’ve come and the roads that we’ve traveled. The one exercise where (we looked at) strengths and obstacles, gives you strength and so by looking back, you know, we got to see, well I did this and I’m still okay.”

Overall, participants reported that they have learned a lot through the business training sessions and by working on their business plan. Many said, “The business plan was new.” Meuzic stated, “There is some good information. I liked how she broke it down and then at the end she is like, well, we already did all of this. ... Then I liked the comparison she did with the salad, the main entrée, and the dessert. It sticks with you. You got something to compare with.” However, the business training sessions, especially working on their own business plan, were difficult for many. The most common description of the business component was “complicated.”

Overall, participants reported difficulties with writing three of the five sections of the business plan: the executive summary, business research, and financial sections. Participants questioned the feasibility of writing the executive summary page first, that is, even before they had written up their entire business plan. Most had a very hard time with the research that they were required to do for the business plan. Some stated
that it was hard to get a “lot of the information . . . because it is confidential,” and that it required too much time in the library. Additionally they questioned the applicability of the format of the financial section of the business plan. Participants stated, “You have to make estimates of your thing, and they want actuals. I don’t have the figures, so I can’t do it.” Furthermore, some stated the extent of detail required for their business plans might be unnecessary, especially for those who were not going to take out a loan to start their business.

Reese wondered why they have to spend so much energy learning the details of the financials when she could hire someone for $50 per month to take care of her taxes and payroll. Alice said that the financial part of the business training, especially the section on cash flow “should be done more in class because I felt like I wasn’t getting enough hands-on. I needed more. I needed somebody there with me at that time to ask questions. One hour with—(business coach) was enough. Yet, I just felt like there should have been more in class.” Meuzic agreed with Alice. She gave an example how an in-class exercise tying her own business financials to an exercise would have been helpful: “The Houdini Cleaning example we did . . . taking our own business information and putting it in there in class.” A participant summarized the business training sessions of the program by saying, “It’s one of those things that you can’t rush and if you put too much pressure. . . . You won’t get it done.” Nonetheless, Alice stated,

I tell a lot of people about MET. I also tell them that it’s not just a program where you learn a business . . . they help me to stay on an even track, even in your personal business, so that you can continue coming.

Furthermore, many participants stated that they did not like the homework assignments related to their business plans. Bre, who runs a successful childcare, bluntly said, “I don’t like having to do homework every week. . . . Some of it was fun, but not all.” The unequivocal agreement was that there should be “less homework.” Alice said, “I’m the kind of person that needs more hands-on. I need to be doing it right here and now with a group ‘cause everybody’s just doing it.” Over and above the need for hands-on classtime work, Alice elaborated, “especially with my living arrangements. I don’t have enough time to get peace and quiet. I think that could be for a lot of us “cause a lot of us got kids, and when you get home, it’s just hard to sit somewhere and focus on this business plan.” Reese stated, “What we take home should be review.” It
is important to note that both Alice and Reese were homeless at the time of this evaluation. They lived with their mothers; thus, space and quietude were concrete issues of living for them.

Support from family and friends is critical in running a micro-enterprise. Participants reported that some had a lot of family support, whereas others did not have any support at home. For example, a comment typical of those who had support was, “I have my whole family behind me. Children... they help me with my homework.... we have a lot of fun.” On the other hand, we also heard the following comments from two participants:

I don’t have any support anywhere outside. It’s only here... the support I have received has been overwhelming... I understand that even though I may not share that particular problem, I do share others. We’re all very similar even though we’re different.

Nonetheless, for both extreme groups and the people in-between, support from other program participants and staff was critical for continuing with the program and completing the program. Further, it was not only the encouragement and similarity with one another, but also it was the support group that helped participants learn. For example, two participants said, “For me, what has been helpful is identifying areas where I don’t have it all together.” Further, they stated, “Even when we get done, we still have the group. We still have the people we can call.” Alice proudly stated, “I can’t wait till I come back one day and talk to the other participants about my experience. Maybe not the next time, but maybe the time after that.”

Participants also recommended changes to the business curricula. They had many suggestions, such as, “... short cut it, or maybe structure it differently,” “give samples of complete business plans from the beginning,” “have more examples of service than product in business training,” and modify the financial section to reflect realities of service and part-time micro-enterprises. Other recommendations include, “More in-class work on financials,” “More in-depth with income tax,” “More understanding from business coaches,” and “Add more class time.” Last, they recommended, “Give us a grant to start a business.” Additionally, participants offered recommendations for future program participants. They said, “People have to look at themselves and decide if this is really what they want. ... They need to really question their dedication and determination.” Another added, “It’s more than dedica-
tion. It’s fitting it into your life right now. Am I going to be able to do this?”

The MET program learns from participants’ as well as from MET staff and partners’ experiences in every phase, revises aspects that are not helpful and reinforces aspects that work well. I learn something new each time I evaluate the program. The MET program design will continue to adjust to make it more useful for individuals seeking alternative avenues for economic self-reliance.

**Problems Faced by the MET Program**

The MET program started in January 1999 in two sites and faced challenges in translating its intent into reality. Initially, there were two main inter-related issues: fewer than expected referrals to and participant withdrawal from the program. Both these issues, once again, were tied to funding that in turn affected staffing. Additionally, although the business curriculum was specifically designed to help low-income micro-entrepreneurs, the MBA’s lack of experience with helping WtW participants start a micro-enterprise warrants further modification.

Understanding how to make the MET program work better for participants was a challenge because program participants and all the service providers, including MET’s internal partners, viewed the issue from their own vantage points, thereby creating multiple and confusing depictions of welfare reform and the MET program. For example, despite high interest in starting a micro-enterprise, participants stated two main reasons for program withdrawal: “My plate is too full now,” meaning she had too many personal problems that needed urgent attention, or “They (SRS or KDHR) are telling me to get a full-time job. I can’t manage both, a full time job and the MET program.” Some SRS and KDHR service providers, on the other hand, questioned how people who could not “get up in the morning,” or who could not “add two plus two” could ever start and run their own micro-enterprises. Other state service providers stated that those who could have benefited from the MET program were already off welfare, thus making the pool of referrals very small (Banerjee, 1999). On the other hand, MET business trainers and coaches also had difficulties with participants who could not remember to keep appointments, complete assigned work, or show samples of their crafts. They questioned a few participants’ motivation to start and their ability to run a micro-enterprise especially when they needed so much “hand holding.” One MBA commented, “I don’t get it. They are being given so many resources and they are throwing things
The social workers believed that the MBAs had very little empathy for the chaos in participants’ lives, while the MBAs expressed consternation at the social workers’ focus on strengths, and their lack of emphasis on entrepreneurial initiative and “stick-to-itiveness.”

A collaborative effort such as MET needs support from all concerned: participants and service providers. But, clearly there were issues between participants’ and service providers as well as among service providers. The program social workers were caught in the middle—strongly advocating on behalf of participants to business trainers, coaches, and the Loan Review Committee as well as to KDHR and SRS staff.

It took one full year for MET’s internal partners (social workers, SBDC, and CBI) and its external partners (SRS and KDHR) to better understand to one another’s views. Regular meetings and communication among all MET’s partners were essential to ironing out philosophical differences amongst us, and for developing a more cooperative and collaborative relationship. Despite staff turnover, internally there is a core group of social workers and MBAs who have developed a working relationship and have remained together during the entire life of MET. With regard to SRS and KDHR, the program enjoys the support of higher-level authorities that certainly eases some of the problems. However, not all front-line staff at SRS and KDHR value the program, as reflected in some of their comments made during the early stages of the program. Some actually set arbitrary rules that made it extremely difficult for program participants to continue (Banerjee, under review). Consequently, at the end of one year, we eliminated one site because of resistance from front line staff. Concomitantly, unhelpful business coaches and social workers were not invited to return to serve program participants.

In each phase, some participants—men and women—dropped out for various reasons. Pressure from SRS or KDHR staff to find full-time wage employment, as evidenced in the first year of MET’s life, is only one reason for program withdrawal. Other reasons are more personal, such as need for drug or alcohol as well as health or mental health treatment; re-unification with husband or boyfriend; various issues associated with children such as pregnancy, child birth, miscarriage, school work, or the legal system; the realization that micro-enterprise development is not for them. A few women withdrew from the program because they found it too challenging to cope with their personal lives and the complexities of the business training simultaneously. Three men participated in the program, but not one graduated. Their primary expressed
reason for withdrawal was that they have big dreams, and the program’s loan amount could not accommodate their dreams; none, however, are running their desired businesses.

The second major problem that the MET program faced was that fewer people than expected were referred and then withdrew after agreeing to participate; these reasons were closely associated with funding. The MET program is contracted out to a school of Social Welfare on a fee-for-service basis where payment depends on the number of participants in each of the five integral program components. Thus, when a participant withdraws after completing visioning, we do not get paid for the business training and following program components for that individual. Unstable funding makes it extremely difficult to hire experienced and talented part-time social workers as well as business coaches on an annual, or a longer-term basis. Because the program cannot guarantee continued work, there is considerable staff turnover. It is hard to expect staff to commit when more lucrative job opportunities come up. Lack of staff continuity adversely affects support for earlier MET graduates.

Finally, designing the business training curriculum and delivering it in a way that is interesting and useful has been challenging. As mentioned earlier, it undergoes regular revisions after every phase to make it more appropriate for program participants. Nonetheless, it still needs more work. I attended the Association for Enterprise Opportunity (AEO)—premiere micro-enterprise network in the nation—conference in May 2000 and learned that nationwide, there is no business curriculum that works well for low-income micro-entrepreneurs.

**MET’s Successes**

Micro-enterprise start-ups and more effective collaboration within and between MET partners are two major accomplishments of MET. Twenty-five women have graduated from the MET program in three phases; six more were expected to graduate in January 2001. Among the 25 graduates, seven (28%) are running their micro-enterprises. Debra operates a desktop publishing business. Danielle and Bre have their own successful, full-time day cares. Reese contracts with the state welfare department to help people on welfare get jobs. Reese has 65 referrals and has hired five part-time staff. Alice and Pam cater special occasion meals, and Deanna runs a childcare business on a part-time basis. Childcare is the most successful business with regard to income stability. Only one participant has taken out a loan; others have used their
own personal resources as well as taken advantage of small grants available with SRS or other local community service agencies to start their micro-enterprises.

Among the remaining 18 graduates, a few are engaged in full-time wage employment, others are in additional training needed to start their micro-enterprise, and still others are unable to start their micro-enterprise because of personal circumstances referred to earlier. Income of MET graduates and micro-entrepreneurs—hard data—is not available to us directly from participants. However, indirectly it is possible to get this information from SRS because of informed consent from participants. We requested cash assistance status information on all MET graduates from SRS, but have not received the data yet. Discussion with an SRS administrator revealed that SRS had referred their most difficult “cases” to us, women who had “failed in every other program.” Thus, SRS is pleased with the MET program’s outcomes so far. They are not concerned about the women who have not started their micro-enterprise because they believe that although not all may start their own business, the program provided them with a powerful experience, and making a life style change takes time. KDHR also is pleased with the outcomes as they requested us to continue with MET in 2001. The second major program success is cooperation and collaboration (Gillespie & Nackerud, 2000) among MET’s internal and external partners. In addition to the regular meetings and communication referred to earlier, the smoother working relationship among all partners is a result of a comprehensive program evaluation conducted through the second phase of the program (Banerjee, Chapman, Dye, Hall, Harrison, Stanley, Sutherland, & Wortman, 2000). The findings resulted in changes both within MET as well as in policies of MET’s partners: SRS and KDHR. I have already mentioned the changes introduced in MET. Additionally, this evaluation found some loopholes in SRS and KDHR’s policies and procedures. For example, although SRS pays for transportation vouchers, participants were being paid $25 for a bus pass that actually costs $36. Attention to this detail resulted in participants getting the increased amount that in turn resulted in more regular program attendance. Further, although participants were eligible for additional funding from KDHR to obtain needed training to acquire or to enhance their skills associated with a micro-enterprise, KDHR front-line staff were unaware of this regulation and consequently did not authorize such training. Currently, they authorize needed training. Moreover, as relationships improved, SRS found additional funding to help participants purchase needed equipment to start their business. This grant is very helpful be-
cause it has allowed participants to start their micro-enterprise without taking out a loan from CBI, which, despite its advantages, poses an additional burden for new micro-entrepreneurs. In other words, all these factors have combined to maximize the program’s potential, and micro-enterprise start-ups and effective collaboration are major programmatic achievements.

**Lessons Learned**

Social work practitioners or students interested in replicating all or parts of the program can learn a number of lessons from MET’s two-year life history. Very broadly, there are two major lessons from MET: one at the individual micro-entrepreneur’s level and the other at the programmatic level. At the individual level, the overall lesson is micro-enterprise development is not easy, but definitely possible for some individuals facing welfare reform. Childcare is one of the most successful micro-enterprises because of high market demand. Other micro-enterprises are successful but challenging in terms of regular revenues. These latter types work well when an income patching strategy is used. Second, it is hard to predict who will start and succeed with a micro-enterprise and who will not start. With regard to successful start-ups, there appears to be two common grounds: (1) determination: “I’m determined to get off welfare” as Danielle stated, or determined to be their “own boss” as Debra, Bre, and Reese openly claimed; (2) clear vision and abilities associated with micro-enterprise right from the start. Examining trends among those who wanted to start but have not started or continued with it, two other patterns emerge: (1) micro-entrepreneurs need well-articulated and sufficiently refined skills to succeed; (2) lack of financial cushion forces some to revert back to wage employment when unexpected expenditures come up; (3), a loan is not a requirement for all types of micro-enterprise start-ups but it certainly helps to have a loan component to a program for those who need it.

At the programmatic level, there are four major lessons for social workers. First, a successful micro-enterprise program requires a core group of service providers that share a common vision and work diligently to promote their vision. Social workers wanting to start a program to help welfare assistance families will necessarily be required to work with the public sector. They need to identify critical program partners in these agencies who strongly and openly support micro-enterprise growth. MET is successful in certain sites because SRS and KDHR’s higher management promoted this program in their respective
offices. They consistently worked to remove barriers for participants and within limits introduced procedures that help instead of impede micro-enterprise start-up and growth.

Second, a successful micro-enterprise program requires clear understanding and a strong working relationship between social workers and MBAs who are comfortable with uncertainties and willing to adapt to change. If social workers are heading such a program they need to consistently educate MBAs about participants’ realities through regular meetings, and encourage them to make a few home-visits so that they can gain first hand experience of participants’ realities. Simultaneously, social workers should educate themselves with business concepts and practices, attend all business training sessions with participants, and read associated literature to develop greater insight into micro-entrepreneurship. Ideally, such a program needs to have a full-time MBA with a social conscience and a social worker with business acumen.

Third, a successful micro-enterprise program requires the right business curriculum and teaching style to meet program participants’ needs. This magic formula does not exist in the United States because micro-enterprise development among low-income people is a relatively new phenomenon. It is important to recall that program participants had positive comments about the visioning component of the program, but they had more reservations about the business training sessions. Despite repeated revisions to the business training, I believe that the business training we offer is not meeting the needs of our program participants. Instead of pointing a finger at those who do not start a micro-enterprise, service providers must take some responsibility and consistently strive towards creating a greater fit between the program components and participants’ needs. With regard to revised but current business training, I have two hypotheses related to why it does not work as well. First, most program participants have a fear of writing as well as of numbers, and the MET business training requires them to do both. Second, lecture is not an appropriate format for delivering business concepts because it interferes with adult learners’ ability to learn. These two features continue to be major drawbacks of MET’s business training. The business trainer has adapted her style considerably to this feedback, and the social worker as well as the business coach help participants write down their business plans now. Nonetheless, I believe a more appropriate business training curriculum needs to be developed that uses more simulations to help participants experientially learn how to start and run a business. As time goes on, we need to seek further input from successful MET micro-entrepreneurs about their business realities and the usefulness of the
current curriculum. Such input would help in designing a more relevant curriculum that would meet their needs more than what we are able to do now with an expert driven curricula.

Fourth, a successful micro-enterprise program must figure out ways to win over skeptics. Given the newness of micro-enterprises in the United States, there are more cynics than believers among social workers and MBAs. Social workers can take a leadership role in this area and win over the doubters. Experience shows that we must listen to others’ skepticism, educate them about the difference between a small business and a micro-enterprise and its potential, and help them develop a stake as well as a sense of ownership in the program’s success. It is extremely powerful for these skeptics to hear MET micro-entrepreneurs speak, visit their offices, or access their services such as a catered meal.

I want to offer four major recommendations based on my experiences with running a micro-enterprise program and the lessons learned. First, some women facing welfare reform and considering a micro-enterprise start-up need to be given more than six months to start their micro-enterprise. This is especially true when they need to acquire or to polish some skills associated with their micro-enterprise. In such situations, social workers must connect them to KDHR or similar offices. These offices will pay for the skills training under the Workforce Investment Act of 1997. Such training should help with more micro-enterprise start-ups. Second, more money needs to be spent on micro-enterprise programs and such monies should be a grant instead of a contract. Additionally, the grant should be for at least three years to demonstrate its effects. A grant would allow more stable staff recruitment that in turn would benefit participants. Third, serious attempts need to be made to devise a business training curriculum that meets participants’ needs. Such a curriculum needs to include the lessons learned mentioned earlier. Fourth, social work schools need to include content on social and economic development such as micro-enterprise development and savings programs in their curricula so that social work students are familiar with them. Also, social work students need to be encouraged to do their practicum in micro-entrepreneurial programs situated in their areas. If a micro-entrepreneurial program is not available locally, they could be encouraged to do a block placement in another area that has a strong micro-entrepreneurial program. Further, social work students may be encouraged to take classes in a business school to learn business concepts to help with micro-enterprise development programs. Last they need to attend AEO or its local chapter or state association conferences to learn about the state of the art strategies and
techniques associated with micro-enterprises, and they need to familiarize themselves with the literature on micro-enterprise development both in developed and developing countries.

In conclusion, micro-enterprise development is not easy either for low-income individuals or for social workers, but it is certainly worthwhile. As Debra says, “No matter how difficult, I would never trade my business for a job.” I visualize a day when there will be many more Debras and Danielles in the community. As they succeed and word travels through the grapevine, many others will start their micro-enterprises and many low-income individuals will find a satisfying route out of poverty.

NOTE

1. I direct the MET program.

REFERENCES

Banerjee, Mahasweta M. (under review). “They Should Have Worked Out How To Do The Reform”: Voicing realities and recommending reform in PRWORA.