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Project in CED  
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# **Final Report for Hispanics in Microenterprise**

Implemented in Manchester and Nashua NH, September 2001 to April 2003

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## **A. Abstract**

Hispanics in Microenterprise is a Community Economic Development project that attempts to design and pilot a microenterprise program addressing the needs of the Hispanic population in southern New Hampshire. under the umbrella of MicroCredit—NH.

The Hispanic population has grown at a rate of 81% in the last 10 years and continues to grow exponentially, There is no business development program that focuses on this population. The long term objective of this project is to stimulate the participation of Hispanics in economic development activities that help them increase their household income.

## **B Summary**

This project works with the Hispanic community of southern New Hampshire, more specifically with Hispanics living in the areas in and around greater Manchester, and greater Nashua. The Hispanic population has grown at an incredible rate in the last 10 years, and there is no economic development program that specifically addresses the needs of this population in this field. This project attempts to design and implement a pilot program for microenterprise development among the Hispanic community. As the project is finished we expect to have identified the needs that this population has regarding business development, and design and implement a pilot program that addresses these needs, to assist the community in developing and understanding how microenterprises are developed in this society.

If the project is successful we will have run microenterprise class that address some of the needs identified by the community, we will have created a support system that encourages the entrepreneurs to inquire about their doubts and offer feedback to one another.

Currently the two pilot courses have been finished and two more courses are underway. The courses have been an excellent learning experience for those participants taking the course, as well as for the organization offering the course ( MicroCredit—NH). However, the amount of people participating per course had been anticipated to be greater than it has actually been. We have also had difficulties engaging with the existing Hispanic business owners in forming and advisory group to support this effort.

As recommendation for other taking on a project such as this one, it would be wise to understand and recognize the time limitations that existing business owners have, use them more as counselors and advisor from their own businesses, instead of trying to engaged them in a group setting. Also, recognize that this is a very divers population and that people have various background, religions believes, and political status.

Hispanics as a whole is the sum a many diverse groups that share a common language, but have a great variety of needs.

### **C. Definition of the Problem**

#### **Community Profile**

The Hispanic population in the United States is increasing at accelerated percentages. Today this group is almost considered the largest minority group in the country. America can no longer see itself as a country of blacks and whites as the two mayor demographics groups playing the field. Hispanics have to be taken into consideration because of the increase in numbers in the recent years. This increase in numbers will only continue to grow as more Hispanics settle their way through the immigration system, and as more second and third generation Hispanics weave themselves into the American fiber. Because of the impact the Hispanic population will have in the economic and political arenas of this country it is important to recognized the needs and barriers that this population faces. Each state should assess the state of the Hispanics population and develop community economic development initiatives to ensure that the potential of this population is not lost because of the many challenges they face.

In New Hampshire the number of people who consider themselves Hispanics has more than doubled when comparing the numbers of the 1990 and 2000 census. There are several organizations that have recognized this change in the demographic map of the state and have started outreaching and engaging with the emerging Hispanic populations. However, most of these organizations deal with human services issues, child care, and health. There is no institution currently assessing and addressing the needs of this populations in regards to microenterprise development. Because of the many barriers Hispanic face such as, lack of an adequate English proficiency level to obtain the types of jobs in accordance with their knowledge and skills, because of the desire to obtain a better standard of living than that from which they had in their home countries, and because of the innate entrepreneurial spirit that this population has

demonstrated both in Latin America and in the United States, it is important that there be a community economic development initiative to help highlight the role of Hispanic microenterprises in the state of New Hampshire. This project attempts to do such thing. Through listening and recording feedback, as well as engaging the Hispanic community in designing a program that would suite their microenterprise needs we expect to have more Hispanics inquiring about microenterprise and developing these ventures to help themselves improve their standard of living. The project also seeks to match the needs of the Hispanic community with the resources available through the MicroCredit—NH program, which is part of the New Hampshire Community Loan Fund.

Population: In Spring of 2002, 20,489 New Hampshire residents identified themselves as Hispanics in the census. This is an 81% increase from 1990 were only 11,333 did so. However, this only represents 1.7% of the states population. Nashua has the most Hispanics: 5,388, followed by Manchester with 4,944 and Concord with 591. The two largest cities in the state of NH are Manchester with a total of 107,006 residents, and Nashua with 86,605. The diversity index in NH has grown; Based on this index Nashua is the most diverse city of the state followed by Manchester. The Census figures show that, in both, Nashua and Manchester, the Hispanic population is the largest minority group.

In regards to location as seen above, most of the Hispanic population is located in Nashua and Manchester. The Hispanic population is mostly low income, many do not have a good English Proficiency level that would be needed for them to go after good job opportunities; so self-employment is looked upon as one of the better alternatives to them. Another challenge is the amount of the Hispanic population that, unfortunately, are considered illegal resident aliens. Exact numbers in regards to illegal immigrants can only be guessed, however, by working in the field directly with the community the reality of the illegal immigrants among Hispanic in this state is undeniable. During the project research contact with many Hispanics that have this status has been evident.

In the last census update report over 37 million people in the USA considered themselves Hispanics. The Hispanic community at a national level is becoming more and more visible in numbers. However, Hispanics are not an homogeneous group. Hispanics are from many different countries, religions and ethnic and cultural backgrounds. This diversity must be kept in mind when using the term to categorize the population. It is an unrealistic way of grouping a huge group of people who share the same language. The heritage, the history, the traditions and customs vary greatly depending on which country Hispanics come from.

So the assumption that Hispanics are a group that share the same characteristics can be debated, however, for practical reasons in this project it will be assumed this is the delineating factor when defining the community: Hispanics living in Southern New Hampshire with a desire of starting or succeeding in their business ventures.

There are several local organizations that target specific entertainment events within the Hispanics such as the Mexican American Association of New Hampshire, The Association of Dominicans, the Brazilian Association etc.

### **Current conditions**

The research and the direct experience in the field up to date has not shown other programs working on similar issues regarding the Hispanic population in the state of New Hampshire. There are many other human service programs that focus on other aspects but non offer access to loans, technical assistance and networking opportunities to encourage entrepreneurialship among Hispanics. There is a great need for these types of programs among the Hispanic community of New Hampshire.

The other programs assisting in the areas of self sufficiency such as Family Self Sufficiency Program sponsored by the New Hampshire Housing Finance Authority and

it offers assistance to their tenants, however they do not focus on the Hispanic population.

### **Problem Statement**

Out of the almost 20,000 Hispanics living in New Hampshire the majority of them are located in the Cities of Manchester and Nashua. A preliminary survey (See appendix A) shows that the majority of Hispanics interviewed have a desire to start a microbusiness but need guidance on how to start, and where to get the information. The survey also reflected that most of the interviewed wanted to create equity as opposed to getting loans. They also said that the best way to reach them is through their church, or word of mouth. None of the business development organizations are currently doing outreach into churches to service the Hispanic community.

Through the direct interaction with the community and the gathering of data, it appears that many Hispanics are not aware of the current services being offered in Manchester and Nashua for business development; and, if they know about this, they cannot access the services because of many barriers such as language, lack of empowerment to inquire about the services, and lack of transportation.

If there is no economic development stimulus in the Hispanic community, they will be less likely to benefit from the mainstream American economy, which is one of the strongest in the world. Many Hispanic in New Hampshire lack the information of existing programs that could serve their existing needs, they are also challenged by the language barrier, which makes it much more difficult for Hispanics to find out about the current services available to them. This project tries to address these issues and to increase the awareness of certain services, that could have a positive impact if the Hispanic community were able to access those services and utilize them for their household benefit.



## **D. The Goal of the Project**

### **Project Goal**

The main goal of this project is to encourage more Hispanics to participate in economic development initiatives to help themselves increase their earned income, and to encourage feedback from this population to mold the current MicroCredit program to better serve their needs.

Results on the research in this field reflect, for example, The Aspen Institute in its FIELD (Microenterprise Fund for Innovations, Effectiveness, Learning and Dissemination) program. A report done to 138 entrepreneurs whose household incomes were below 150% of the national poverty line at the start of a five-year study period that began in 1991 states:

- 72% experienced gains in household income over five years. Average change was \$8,484 (rising from an average of \$13,889 to \$22,374).
- 53% moved over the poverty line, and the microbusiness was a major source of earnings for many.
- The survival rate for microbusiness was 49% after five-years comparable with survival rates for businesses with similar characteristics.
- For those whose businesses stayed open, chances of getting out of poverty were greater than for those whose businesses closed.

This study allows us to distillates that our project can be a useful poverty alleviation tool. The mission of the FIELD program is to identify, develop and disseminate best practices about microenterprise as an anti-poverty intervention.

The Hispanic microenterprise sector in the southern New Hampshire economy on a long term basis will be highlighted and recognized as a vital part of the overall economy. Many Hispanics in New Hampshire are left out of the economic mainstream! The creation of a microenterprise project that can fulfill the needs of this community in this

regard would help create, as have done many other microenterprise projects, more jobs, build assets and enhance individual skills, which in turn generate new economic activity that increase their private income and help reduce dependence o public assistance.

The Hispanic business community will have a networking vehicle by which to enhance their own businesses. More Hispanics will have had the opportunity to learn about self employment and microenterprise development in the southern New Hampshire economy. In a report prepared for the International Labor Organization “The role of microenterprise development in the Unites States” it is clearly stated that these types of program “emphasize building the economy of a community (or an affinity group)”

This publication also states that 23% of US microenterprise development programs reported that community economic development was their main goal.

A total of two business skill courses will have been available in a bilingual setting for 10 to 20 Hispanic participants to engage or explore microenterprise as an economic motor for their household. And 4 to 5 Hispanic entrepreneurs will be involved with existing business support groups to receive assistance and guidance in their microenterprise ventures.

## **E. Methods**

### **Objectives**

The main focus of this project is to understand which business development services better fit the Hispanic community, to design these services, and do the appropriate outreach. As stated on the Association for Enterprise Opportunity Web page: “microenterprise IS a viable solution for some individuals and has proven itself as an effective strategy for achieving significant gains in the incomes and assets of many people left out of the economic mainstream.”

#### **1. Objective 1:**

To have a better understanding on how to assist Hispanics in Manchester and Nashua, NH in their desires of developing microenterprises. This is done by collecting and processing information. At least 50 surveys should be collected, this happens at events where the Hispanics have a great presence, such as the Hispanic Festival in Manchester, of the Nashua Neighborhood fair in Nashua. By collecting this we expect to mold the MicroCredit—NH program and better serve the needs of the Hispanics in southern New Hampshire.

#### **2. Objective 2:**

To have a support system in place to refer Hispanics among organizations servicing this community. A continuous relation with churches and other organizations that have already gained the trust of the Hispanic community needs has been maintained, to develop trust among MicroCredit—NH and the Hispanic population. At least 100 entries into a database should be done documenting contact information for other organizations, community organizers and Hispanic in general. By creating this list we can assure that information is disseminated via mail when there are events happening to the Hispanic community. The gathering of information is done by attending

networking events, community events, and asking for people's contact information for the mailing database.

3. Objective 3:

To run two pilot courses regarding entrepreneurial skills which include budgeting, financials, marketing etc. These classes are to be held in Spanish with basic business terms highlighted in English and input from participants should dictate the tone and methodology for future classes. Participation in these pilot courses is expected to be between 5 to 10 participants per course. As well as to assure that participants of the course know about the savings incentive programs, and the Trickle up programs to help them build equity in their business.

4. Objective 4:

To increase the number of Hispanics inquiring about business development programs, for example: MicroCredit. By April 2003 the projects seek to increase the awareness of the program among Hispanics in NH. Currently we have had only 50 Hispanics attend informational meetings. The aim would be to have that number double by the above date.

If 50% of participants of the two pilot courses continue to be engaged with MicroCredit—NH after the course finished, (by having an IDA account, or by being part of a loan group, or by participating in other workshops and seminar, the goal of engaging Hispanics will be accomplished.

### **Background**

MicroCredit—NH has been working with the microenterprise business of New Hampshire since 1996. The emerging Hispanic population is increasing enormously in the southern part of the state, to be responsive to the needs of the community we started working and designing a program that would better serve this subgroup of the community.

Currently there are Fleet and PSNH financially supporting the Hispanic Initiative. The New Hampshire Community Loan Fund is also a major participant due to the fact that MicroCredit--NH is a program of the Loan Fund.

## **F. Results**

The results and the impact of a business development program cannot be seen short term. It is very important to keep this in mind to keep optimistic, focused and not feel discouraged when one cannot see results on a short term basis.

### **Results for Objective 1**

Surveys were passed and information collected to understand that most of the Hispanics responding to the survey are interested in acquiring more technical assistance, and the how to's of starting a business in this society. Therefore, the project focused more on the technical assistance aspect through classes and feedback on the classes.

As a result of these surveys we created a pilot course to focus on what the community wanted. After the pilot courses were finished we also passed evaluations surveys to the Hispanics in Manchester and Nashua that have taken the pilot course. As a sounding board for input in designing the program, and helping with the outreach we had also suggested the formation of an advisory board. This board would be formed by people in the community, such as Hispanic business owners, other business development organizations, and funders.

There were attempts of forming an advisory board confirmed of Hispanic business owners, representatives from other microenterprise organizations, and funders. However, these meetings will have to be reassessed. The project did work with some sort of community of existing businesses to post flyers and get the word out about the courses, However, the existing Hispanic business community should be engage in a different way rather than as an advisory board.

Objective 1 has been achieved in its first part. The information taken out of the survey prompted the project to focus on the technical assistance (course and workshops) and to consider the access to loans as a second priority at this point.

The objectives that have been partially achieved are objective 1 under its second effort to form an advisory board. There were three attempts made to engage existing Hispanic business owners into this meeting. The attendance of the business owners was very limited, and they were the main focus of the board. So, this must be reassessed to see how to better engage with the existing Hispanic business owners.

The formation of a business support group for Hispanic entrepreneurs was not formed, and might not be formed. The feedback and information from the community has been that it would be better to offer courses and integrate those interested into existing business support groups. After obtaining this information, the project focuses on providing the courses and several participants have already enrolled in the savings programs. Others are in the process of filling out the application.

## **Results for Objective 2**

The result of this objective was to establish constant relations and form a network system of referrals for services among organizations working with Hispanics. A database has been created with over 150 entries of contact information of Hispanics as well as organizations that serve the Hispanic community.

MicroCredit--NH has been part of several e-mail list serves. These list correspond to networking events that are held in various locations and focus on disseminating information about the Hispanic community. A MicroCredit—NH representative has constantly attended these networking events, and the information has started to flow in a better manner.

Objective 2 has also been achieved, however, there needs to continue to be work in maintaining and creating relationships to assure that the information flows easily. The communication flow of information regarding the Hispanic community has improved somewhat. There is still much to be done in this areas, but there are better relations with the existing Hispanic business owners and the organizations.

## **Results for Objective 3**

The two pilot courses were offered in Manchester and Nashua during the end of year 2002. The participation in each course was an average of 5 participants per course. The courses were scheduled in such a manner that it would allow for people to take either a morning class or an evening class. After the two pilot courses were finished, a second round was started with feedback from participants. The formation of a support group for people who want to start business (loan group) is not as essential to the project. The project focuses more on the technical assistance aspect of it and on helping the participants understand better the IDA program. However, encouragement is made to participants to engage and participate with existing business loan groups in their areas.



In the future, we would want to see the possibility of offering one on one counseling, The project has focused its energies in creating a community of entrepreneurs who are learning about starting microbusinesses in New Hampshire. The community of participants attending the classes has been considered the main focus of the project, and the project has been successful because participants feel they have learned something from the courses. In fact, several of the participants that took the pilot program, are enrolled in the second round of courses which has also started successfully.

Objective 3 has been fully achieved: The two pilot business skills course have been run. Input has been taken into consideration when designing the second round of courses.

#### **Results for Objective 4**

The total number of participants inquiring about MicroCredit—NH up to March of 2002 has risen to about 100, which does reflect double the number when we started the project. Out of this number, about 50% have engaged in the program in the past two years.

Objective 4 has been achieved: The database has been started, this will be a work in progress constantly updating it and inputting new information. Currently there are over 190 entries in the database for Hispanics and organizations dealing with Hispanics.

## **G Conclusions**

### **The CEDness of the project**

My project is a community project because it takes the input from the community to mold and design the project. It actively seeks participation from the community and involves the Hispanic entrepreneurs community in the process of designing the way the project has been formed.

It is economic because it tries to encourage economic initiatives for this community through self employment. By increasing the income Hispanics receive from self employment, they are increasing their overall household income.

And finally it is development because through the economic improvements of these targeted communities there will be development in the areas of economy, social capital and entrepreneurship.

In working with the Hispanic community of southern New Hampshire we have better understood their needs and challenges. There is much to be learned and many more services to be offered to have a thriving economically developed Hispanic community. Most of the immigrants have left their countries to find a better life for themselves and their children. And the majority are looking for a better economic standard than that they had.

It has been a great experience to understand and develop a program that could help the Hispanic community reach their dream of improved economic situation. The project goal to understand the community better has been achieved to a good degree. The other goals have been redefined and improved to make them more specific and manageable in the context of this project. Initially we had thought of working both with immigrants and Hispanic youth. These two other groups each represented a different outline of needs so we decide to go with only Hispanic entrepreneurs

If the participation of the Hispanic business owners had been more supportive and engaged, we would have had an advisory board as we originally envisioned it. However, efforts in this area will continue to occur.

If the Hispanic leadership in southern New Hampshire were not as divided as it is, it would have been easier to do the outreach, and to engaged the community in general. But as stated in the introduction, the Hispanic community is not homogeneous and different nationalities, religions and political affiliations divide Hispanics in New Hampshire as in the rest of the country.

As stated in *Replicating Microfinance in the United States* the microenterprise development field has grown very recently and there is still much to be learned and much to experience in this field in the United States. The standards and measuring tools have not been developed until recently, and because of this, it is not until recently that many microenterprise programs are starting to “talk the same language” assuring the same categories. So there is a conscious effort to standardize the field and increase its awareness on a national level. The Association for Enterprise Opportunities, The Aspen Institute and many others are working hard to collect important data from the field to see the impact of microenterprise programs on a bigger scale. Many organizations are talking about economies of scales, as a way to diminish cost and generate bigger impacts on the society we are trying to help.

However, economies of scales may be a good alternative for states where there is a considerable number of low income people trying to access microenterprise ventures as a way to get out of poverty, but in new Hampshire, the number of people we have in the state is very limited, and the number of low income people trying microenterprise ventures is even smaller. So for the New Hampshire reality, we cannot think of economies of scales, at least at this stage. For example, MicroCredit—NH works with around 300 entrepreneurs state wide, we cannot manage more than double this number (600). So, we must keep our focus when we think about our strategic planning.

In the case of the project specifically, the number of Hispanics that may be interested in a microenterprise ventures is also very limited, so this is also important to keep in mind. The project works with a very small number of people as the target audience, and from this number a small percentage will actually be interested in participating in the classes and workshops that are offer.

The research also highlighted the importance of the technical assistance aspect of our program as a very important aspect. As the result of the research, we believe that if we are able to keep the attendance rate of the classes at a steady level, we will have accomplished an important part of what the project is about. We want to make sure Hispanics have access to technical assistance, that they understand what it takes to start a microenterprise and that they feel they can ask MicroCredit—NH for assistance if they are interested in pursuing their business ventures.

The access to capital is also important, however, we believe that the focus on only education and technical assistance is in itself a wonderful accomplishment.

On the other hand, the readings In Bootstrap Capital by Lisa Servon have also provided a better understanding of the different types of loan products and other services available for microentrepreneurs. The loan group system has its benefits and is great for a certain type of personality, however, by limiting our program to only group loans, we miss out on the possibility of assisting other microentrepreneurs who may benefit greatly from our program, but do not like the group concept to start.

The existing businesses who need to increase a little help with their cash flow should be looked at closer. Loans up to \$10,000 are wonderful, but there is always room for improvement to offer higher level loans. This was the feedback we received from the advisory group.

Two things we would suggest to someone doing a similar project is to keep in mind that the results and the impact of these types of projects is long term, it is important to have a good supportive group of people to bounce ideas and remind us of the importance of perseverance and focus.

When try to engage as many people from the constituency as possible, there are so many factors that have to be considered, the business, the household, the family, transportation etc, that the consistency of the people that will show up at meetings will vary greatly. The bigger the number there is to keep moving forward, the better the possibilities of having a considerable number of people engaged in the program.

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