

# MICROBUSINESSES, GAINFUL JOBS

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**FIELD**  
at the Aspen Institute



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# Acknowledgements

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# INTRODUCTION

Do microbusinesses create good jobs? Certainly, small businesses, including microenterprises, have played a critical role in creating jobs for our economy. The Association for Enterprise Opportunity, the trade association for U.S. microbusiness development organizations, indicates there are 25.5 million microbusinesses in the United States, which collectively employ 31 million people.<sup>1</sup> Recent research by FIELD reinforces this picture: A 2011 study that examined the outcomes of 1,198 microenterprise program clients found that their businesses generated an average of 1.9 jobs for workers in addition to the owner. Fifty-six percent of these jobs were part time, 44 percent full time, and 45 percent paid wages that exceeded the threshold for low-wage work. Moreover, the return on investment in microenterprise programs illustrates its cost-effectiveness as an economic development strategy.<sup>2</sup>

However, these statistics only paint a partial picture of the quality of the jobs created by microbusinesses. To what extent does the pay from these jobs contribute to household economic security? What benefits do they offer in addition to pay? Are workers happy in these jobs, and if so, why? To begin to answer these questions, FIELD conducted a qualitative study that explored a range of aspects of job quality.

## ABOUT THE STUDY

The study is based on 27 in-depth interviews, conducted in December 2013, with a diverse set of employees of microenterprises located in New York or Miami. The microenterprises had each received a microloan from Accion East during 2012. FIELD worked with Accion East to select a diverse pool of microenterprises by considering industry, number of part-time and full-time paid workers, business age, and gender and ethnicity of the business owner. The names of the interviewees have been changed to maintain their privacy.

<sup>1</sup> See Association for Enterprise Opportunity, *The Power of One in Three* summary: [http://www.oneinthree.biz/documents/OneInThree\\_WebBrochure.pdf](http://www.oneinthree.biz/documents/OneInThree_WebBrochure.pdf)

<sup>2</sup> See "Microenterprise by the Numbers," which follows the conclusion of this report, for detailed client outcomes data and information on microenterprise return on investment calculations.

# What makes a job “good”?

Ask a worker in America today what a good job is, and likely she will start with work that provides a wage and benefits that enable her to care well for her family. Labor market researchers have suggested that a minimum threshold for decent wages — one that moves a worker above low-wage work — is two-thirds of the national median wage. In 2010, that threshold was earning at least \$11.73 per hour.<sup>3</sup> In addition to wages and benefits, other dimensions make a job “good.” The Workforce Strategies Initiative at the Aspen Institute offers an expanded notion of job quality centered on two key concepts: *raising the floor and building a ladder*. Good jobs raise the floor by enabling workers to achieve a basic level of economic stability: through decent wages, benefits, stable scheduling, well-structured work responsibilities (job design), safety, a mutual sense of fairness and respect, and good two-way communication with their managers. Good jobs also build a ladder; that is, they help workers advance by gaining skills and relevant work experience.

Other researchers have proposed the concept of “gainful employment,” which describes the contributions that work can make to an individual’s quality of life. The term incorporates many components important to job satisfaction, including a decent wage. Having purpose in one’s work, happiness, positive engagement and involvement, and work friendships are all elements of gainful employment.<sup>4</sup>

Raise the Floor and Build the Ladder



<sup>3</sup> Steven Greenhouse, “The Challenge of Creating Good Jobs,” *New York Times*, September 7, 2011, <http://economix.blogs.nytimes.com/2011/09/07/the-challenge-of-creating-good-jobs/>

<sup>4</sup> C.R. Snyder, Shane J. Lopez and Jennifer T. Pedrotti, *Positive Psychology: The Scientific and Practical Explorations of Human Strengths* (Thousand Oaks: Sage, 2011), 418-422.

## GAINFUL EMPLOYMENT

A term used in the field of positive psychology, *gainful employment* expresses the benefits that flow from work. Characterized by nine components, happiness and satisfaction play a central role in gainful employment. Researchers make clear that there is often a reciprocal relationship between the components, where performing well in one heightens the sense of overall job satisfaction.

The nine elements include:

- Variety in duties performed
- Safe working environment
- Income for the family and self
- Deriving purpose in providing a product or service
- **Happiness and satisfaction**
- Engagement and involvement
- Sense of performing well and meeting goals
- Companionship and loyalty to coworkers and company
- Respect and appreciation for diversity

- from *Positive Psychology: The Scientific and Practical Explorations of Human Strengths*

Opportunity and advancement are also central to notions of a good job. Currently, many entry-level jobs, workplaces, and public policies do not support upward mobility. Not only do low-quality jobs pay wages that often do not meet household needs, they are often characterized by lack of benefits (including health, disability, retirement and paid vacation); unstable schedules; workplace inflexibility; and limited (if any) access to training and education. As a result, many workers are stuck in the world of low-wage, low-quality work without any real chance to access ladders of opportunity and career advancement.

Unstable work hours are a growing concern. And a recent news story noted that workers report increasingly unstable schedules as companies have sought to cut labor costs with more part-time workers. Changes in hours from week to week and little advance notice of shifts make it difficult for workers to manage child care, look for additional work to supplement low wages, or attend classes.<sup>5</sup> Businesses may benefit from work arrangements that offer the greatest latitude in matching staffing to market demand, but workers do not have sufficient control over their terms of work to manage their lives and family responsibilities. Labor researchers argue that unpredictable hours and schedules exacerbate financial instability because workers cannot plan or save money when the number of hours they work and their schedules change from week to week.<sup>6</sup> The Institute for Workplace Innovation found that half of low-wage hourly workers have nonstandard schedules and are hindered by rigidity, unpredictability, and instability.<sup>7</sup> Low-wage workers would greatly benefit from predictable scheduling, advance notice of scheduling and scheduling choice.<sup>8</sup>

The trend toward part-time work also leaves workers across the income spectrum without access to benefits,

5 Marilyn Geewax, "Part-Time Workers Say Schedules Are Getting More Erratic", *NPR*, July 18, 2013, <http://www.npr.org/2013/07/18/202744981/part-time-workers-say-schedules-are-getting-more-erratic>

6 Anna Danziger and Shelley Waters, "Lower-Wage Workers and Flexible Work Arrangements" (Washington, D.C.: Urban Institute, July 10, 2008), 4.

7 Liz Watson and Jennifer E. Swanberg, "Flexible Workplace Solutions for Low-Wage Hourly Workers: A Framework for a National Conversation" (Lexington: IWIN, University of Kentucky, May 2011), 5.

8 Danziger and Waters, 4.

including paid vacation and sick days, or retirement benefits. According to the U.S. Bureau of Labor Statistics (BLS), approximately one in three (or an estimated 40 million) American workers has no paid sick leave.<sup>9</sup> A recent Oxfam America study stated that one in seven (14 percent) low-wage workers reported losing a job in the past four years because of getting sick or caring for a child or parent.<sup>10</sup>

Against this landscape, how do the jobs offered by microenterprises in this study stack up? Some jobs both raise the floor and offer ladders to advancement. Others offer some aspects of each. Job holders in this study describe positive work environments that offer meaningful work, the opportunity to build skills, and provide a launching pad for career development, income stability, and work flexibility. In some instances, these characteristics are valued more than higher wages, as they support family life and educational advancement.

Growth or advancement opportunities within the businesses were mixed, and to a certain extent, they depended on the business' performance and potential for growth. However, many microenterprise jobs in this study provide opportunity for those who experience significant challenges in the labor market, including immigrants, seniors, younger adults just entering the workforce, and those without college degrees.

This report begins with a profile of the workers interviewed in this study and the businesses that employed them. The core of the report describes key themes that emerged from the interviews, using case studies that shed light on the diverse and often complex notions of job quality produced by microenterprises.

## OUR FINDINGS

- Stable and flexible: The floor of a good job
- Providing opportunity and connections to the labor force
- Keeping it positive: A supportive work environment
- Building ladders: Skills development and growth opportunities
- More than a cog in the wheel: Finding meaning and purpose in work
- A launching pad to the next phase

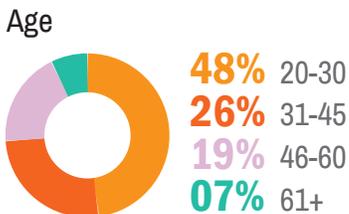
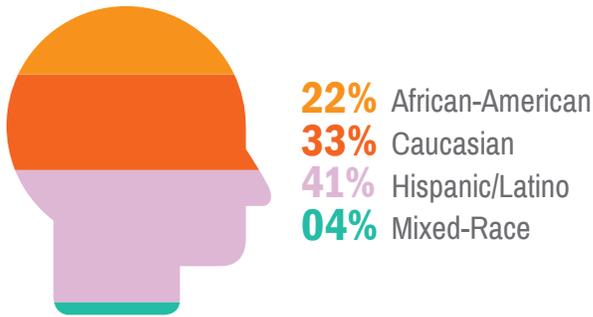
9 U.S. Bureau of Labor Statistics, Economic News Release, Table 6. Selected paid leave benefits: Access, March 2013, <http://www.bls.gov/news.release/ebs2.t06.htm>

10 "Hard Work, Hard Lives: America's Low-Wage Workers." Hart Research Associates for Oxfam America (August 2013), [http://www.oxfamamerica.org/static/media/files/Hart\\_Low\\_Wage\\_Workers\\_Report.pdf](http://www.oxfamamerica.org/static/media/files/Hart_Low_Wage_Workers_Report.pdf)

# A profile of microenterprise employees

The microenterprise workers interviewed were ethnically diverse. Slightly more than half of them were male. More than a third were immigrants. Only seven percent received public assistance. They tended to be young, and had fairly high levels of education; 78 percent had at least some college education or a degree.

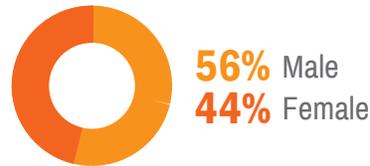
## Race and Ethnicity



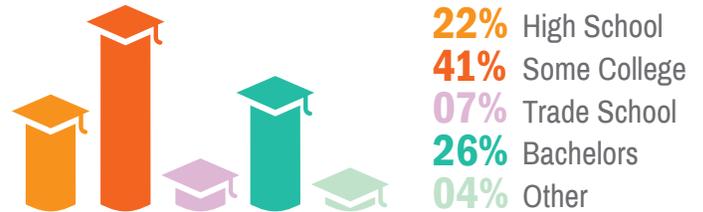
## Immigrated to the US?



## Gender



## Worker Education



## Receiving Public Assistance?



## Household Size



# A profile of microenterprise jobs

One-third of the workers reported hourly wages that exceeded \$11.73, the threshold to exceed low-wage work. Three workers also earned tips or commission, but did not share the amount of that compensation. Another compensation reference is \$10.10 an hour, President Obama’s proposed increase to the federal minimum wage. Almost half (48 percent) of workers interviewed noted that

## Wage Satisfaction



## Annual Job Compensation

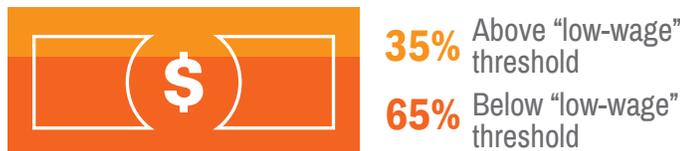


## Hourly Wages



\* base wage for restaurant worker.

## Hourly Wage\*



\*All 2013 hourly wages were converted to 2010 dollars before comparing to the 2010 low-wage threshold of \$11.73.

they were mostly or fully satisfied with their wages. Many explicitly stated a willingness to accept the level of wages and benefits in return for other attributes of the job they found important.

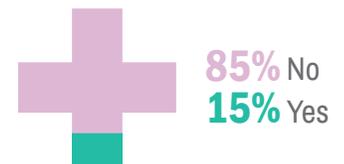
Only 41 percent of workers in this study reported receiving paid vacation. U.S. BLS figures indicate that in 2013, 53 percent of service employees in private industry had paid holidays.<sup>11</sup>

An even smaller percentage of the employees interviewed received health insurance through their job – though several noted that their employers were looking into how the Affordable Care Act would affect their future coverage. To put this figure in context, a 2012 study noted that during the past decade, the share of U.S. workers in small firms (fewer than 50 employees) who were offered and eligible for health insurance declined to less than half of employed workers.<sup>12</sup> Most workers in this study did not receive paid sick leave. However, all workers noted that they had flexibility to take days off for personal reasons or due to illness, without fear of losing their jobs. According to the BLS, an estimated 40 million American workers have no paid sick leave, and another study reports that one in seven low-wage workers (14 percent) reported losing a job in the past four years because of getting sick or caring for a child or parent.

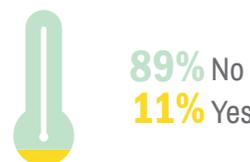
## Paid Vacation?



## Health Insurance?



## Paid Sick Leave?



## Other Benefits?



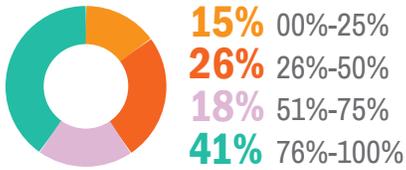
11 U.S. Bureau of Labor Statistics, Economic News Release, "Employee Benefits in the United States—March 2013," <http://www.bls.gov/news.release/pdf/ebs2.pdf>

12 Ruth Robertson, Kristof Stremikis, Sara R. Collins, Michelle M. Doty and Karen Davis, "Jobs Without Benefits: The Health Insurance Crisis Faced by Small Businesses and Their Workers," Issue Brief (Commonwealth Fund), (November 2012): 1-24.

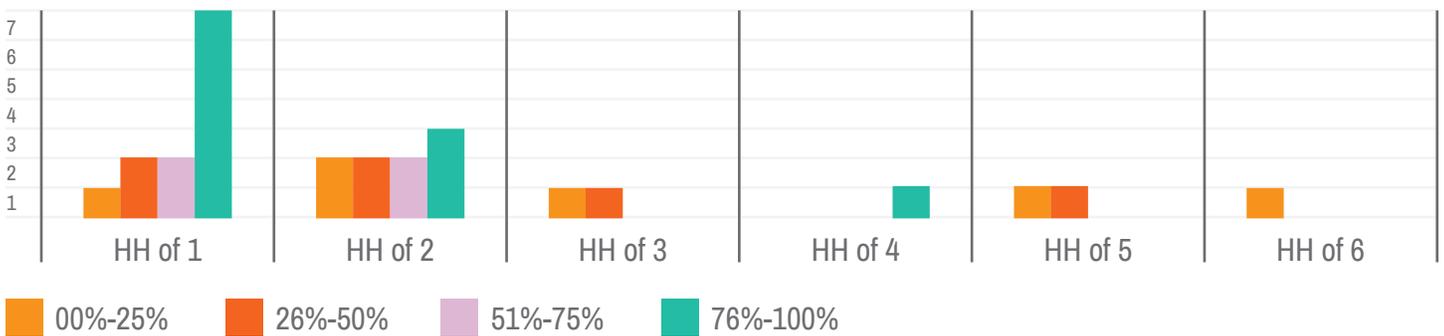
Earnings from these jobs substantially contributed to household income. Sixty percent of the workers noted that their salaries contribute more than 50 percent of total household income. While this group of workers

tended to be in one to two-person households, workers in households of three to four people also reported that their wages covered significant portions of household expenses.

### Contribution of Job to Household Income



### Contribution of Job to Household Income by Household Size

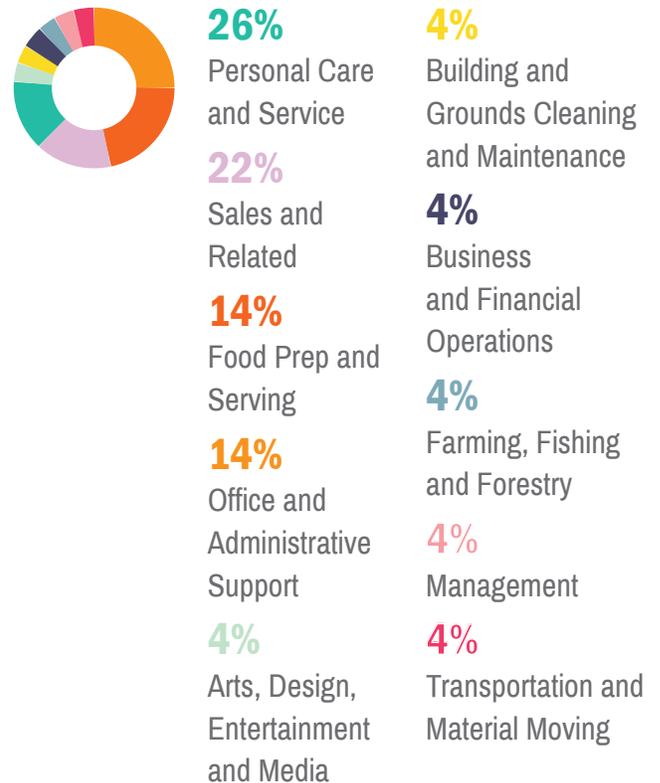


The workers largely had tenures of a few years with their employers. The types of jobs held by workers were diverse but clustered in personal care, sales and food prep and serving occupations.

### Years Work at Business



### Occupational Classification



# A profile of the microbusinesses

The businesses that employed these workers were generally well established, and generated annual revenues that averaged more than \$250,000. The businesses reflected a diversity of industries.

## Business Age



## Business Revenues



## Business Industry



# IN THEIR OWN WORDS

The statistical profile of the jobs held by the workers interviewed in this study paints a mixed picture in terms of their economic value. Many fall in the low-wage category. However, when asked about their jobs in relation to the broader definitions of job quality described above – in terms of raising the floor, building ladders and contributing to job satisfaction – the workers generally describe their jobs in positive terms.

The following sections summarize the interviewees' experiences and perspectives about their jobs. To understand the role these jobs play in the workers' lives, one must view them not only in their current context, but also in relationship to their past work experiences. Workers spoke of leaving previous jobs because of stressful work environments, a lack of respect from a company manager, or because of monotonous, narrowly focused tasks. Many younger workers also spoke of the small business as an entrepreneurial training ground, preparing them to operate their own small business one day. Most workers make trade-offs when they choose a job. These case studies illuminate the reasons why the workers in this study largely believe these small-business jobs to be a preferred choice.

# Stable and flexible: the floor of a good job

Most interviewees reported that their jobs provide limited or no benefits, but some saw this as a trade-off they were willing to make for stable work schedules and/or flexibility. As noted in the introduction, stable and yet flexible schedules are key in managing work-life responsibilities, a balancing act that is particularly acute for low-wage workers because they typically lack any cushion to absorb financial setbacks. Most of the microenterprise workers reported stable schedules that allow them to manage child care, maintain part-time work to supplement wages, or consider going back to school. This was important so they could plan around other financial needs and personal responsibilities.

**100% of workers say they have stable schedules. 81% say their schedules are flexible; another 19% say they are somewhat flexible.**

## **ARTURO** | COMPUTER TECHNICIAN |

Arturo, a 31-year-old former security guard educated as a computer technician, also said the stable (and safer) schedule afforded at the computer repair shop was vastly different from working nights and weekends at the Bronx housing project. A set daytime schedule allows him to take a quick bus ride home to pick up his young daughter if necessary, a luxury that was not possible when working security. His schedule is in sharp contrast to that at his previous job, which was unpredictable and included weekend shifts, making for an often stressful and difficult family life. His now-stable schedule has improved his relationship with his partner.

## **THOMAS** | SALES MANAGER |

Thomas, a culinary school graduate, had worked as a cook in both large and small restaurants. He left the industry because of erratic and unpredictable scheduling. He would work late into the nights and on weekends, with hours that would swing from more than 40 hours one week, to too few hours the next, often due to poor and inconsistent scheduling by kitchen managers. While still in the food industry, he is now the sales manager for a small specialty-food manufacturer. Having evenings and weekends off is novel for him, and with his newly minted and varied business skills, his schedule has provided him with the time to plot his next move: an entrepreneurial venture in the food space.

## **FOLADE** | SALES ASSOCIATE |

Folade, who worked at a Harlem optics shop, is similarly content in a job that has the same schedule each week, and bosses who appreciate her work. In previous retail positions, she never knew her schedule much in advance, or the number of hours she would be working, which at times made her financial situation very difficult.

## **GABRIELLA** | OFFICE ASSISTANT |

Gabriella co-shares an administrative and finance position with a fellow employee at a waxing services shop owned by her mother-in-law near downtown Miami. Her previous job was very different — she was a full-time addiction counselor at a group home in California. She moved with her children and husband to Florida to be closer to family. Although she found similar work opportunities in the rehabilitation field in Miami, a bachelor's degree was required to earn the \$25 per hour she made at her last job in California. Jobs available to individuals with her experience, but without a degree, paid much less and provided no flexibility. The positions also required her to be on call after typical working hours, leaving no time for school pickup, family dinners or helping with homework. She switched to working 28 hours per week at the waxing shop because the pay difference was minimal and the job provided necessary stability and flexibility. The stable schedule leaves her time to be with her daughters after school; the flexibility to adjust work hours with her co-worker will allow her to complete her college degree if she

decides to return to the rehabilitation field (something she is currently considering)

## ELIZABETH | ACCOUNTANT |

After working for almost 20 years in accounting and finance positions at both large and small companies, Elizabeth—a pedicab company accountant—has a very flexible work arrangement that she appreciates, given her future goals. She works two days per week at the pedicab company, and three days a week doing bookkeeping for a small furniture business in Brooklyn. She notes that the pedicab job is the more flexible by far; she is largely able to chart her own hours and can take personal time off for doctor’s appointments or other errands, making up the hours later. This arrangement is important to her goal of taking on more Spanish translation work as she completes a certificate in translation at New York University. She says her job for the furniture company will be the first to go as she secures more translation work. Ideally, she would do the translation work (which she finds very satisfying) and keep the pedicab job as a stable financial anchor.

“... It works out to have the flexibility of part time given what I’m working toward ... that’s why I haven’t been concerned about getting a full-time (job) because I want the flexibility to move in a new direction.” - Elizabeth

## AARON | FARMER |

## SOPHIA | DESIGNER |

## ERIN | OFFICE MANAGER |

Several examples suggest that flexible work arrangements are part of the give-and-take afforded by growing companies that want to hire and retain good workers, but cannot afford to pay more. Aaron tends to two, large rooftop farms in Queens and Brooklyn. He negotiated his schedule in order to maintain a second job with an environmental nonprofit. Similarly, despite being involved in the art world she loves (making \$40,000 with health

insurance and paid vacation benefits), art-restoration employee Erin brings in additional income by leaving work early once a week to work as a nanny. And Sophia, a designer at a custom clothing company, received time off to attend trade shows and encouragement to develop her own business from her boss. She used her job at the clothing company to mitigate financial risk as she developed her own business, a line of baby products.

## 19% of interviewees work more than one job

# Providing opportunity and connections to the labor force

The concept of “gainful employment” includes a work environment that respects and appreciates diversity. Microenterprises in this study provide opportunities for individuals who may otherwise face difficulties entering the labor force: new immigrants without previous U.S. job experience; seniors; workers without college degrees; and low-income people in communities that lack large employers.

## CARMEN | CHILD CARE WORKER |

Sixty-five year old Carmen says that at her age, she needs to keep busy and keep learning things or she will start to fade. Her work as an assistant and the cook in a home day care is one of many careers she has held. She emigrated from the Dominican Republic more than 30 years ago, and went from being a garment factory worker to owning several small businesses, including a women’s clothing manufacturing company in Manhattan’s garment district and a restaurant in Santo Domingo. After a divorce, she spent time living with her daughter in Florida, where she always held at least two jobs, such as working full time at a deli and cleaning houses on the side. She had difficulty in finding steady work when she

moved back to New York, a fact she attributed to her age. Before finding her current job through a family friend, she engaged informally in babysitting and private elderly home care. To secure her current job at the day care, she had taken a 15-hour course (which her employer paid for). She said that she had thoroughly enjoyed the additional training because it kept her learning and provided access to a stable job.

**“I feel good. I feel self-actualized (realizada) because at my age it is not easy to find work. So I feel useful, and I like to have my day full.”**

- Carmen

**CHARLOTTE** | OFFICE WORKER | 

Charlotte also had a difficult time finding work at her experience level, after losing her job as an assistant vice president at the bank where she had worked for 32 years. While she makes dramatically less money working at a multiservice company (processing taxes, Western Union, applications for insurance and other miscellaneous services), her job helps to supplement her retirement income and keeps her busy. She is also using a completely new set of skills in providing these services. She notes the best thing about the job is meeting new people and interacting with customers, something she was never able to do at her former back-office job at the bank.

**“I looked for a time but I was sorry I didn’t pursue it. When I left I was almost 60, so I thought at that time they didn’t want to hire people my age. That’s why I didn’t continue to look (in the banking industry).”**

- Charlotte

**ALEJANDRO** | PROJECT MANAGER | 

Alejandro is a well-educated software engineer from Colombia who immigrated to the United States three years ago. Through his network at home, he was able to find work as a project manager at a small digital marketing company serving Hispanic businesses in Queens. Although he is making less than he was making in Colombia, he believes he is fortunate to have established a foothold in his field in the United States, and that there is opportunity for growth at this small enterprise. His belief that the microbusiness provided a foothold was echoed by several of the recent immigrants interviewed for this research. Although they came with a wide array of educational and work histories, these first jobs have eased their transition to work in the United States.

**“I felt frustrated back home in my previous job. I didn’t have a way to advance... (with this job) I’m gaining experience, American experience”**

- Alejandro

**JAY** | COOK | 

**CAROLINA** | CHILD CARE WORKER | 

The microbusinesses in this study have also provided jobs to younger workers who lack college degrees. Both Jay and Carolina are in their twenties, and earned high school degrees in New York. Jay has worked in restaurants since he was 16, first working the coat check, moving on to barman and dishwasher, to prep cook and, now, to cook. Although the hours are long, he believes he has been able to advance at a good pace over time. Carolina is a single mom who helps at her mother’s home day-care business in the Bronx. Her only previous job experience was working at a retail clothing store when she was finishing up high school—a job that came with little pay or flexibility. Working at her mother’s business has allowed her the stability to move into her own apartment, which she shares with her four-year-old son, and to think about going back to school in the field of nursing. With unemployment rates

at 12.2 percent for millennials with high school diplomas (a full eight points higher than those with a college diploma)<sup>13</sup>, microenterprises may provide growth and stable job opportunities for this group of workers.

## Keeping it positive: a supportive work environment

One-third of the workers emphasized a supportive work environment in describing their jobs. Some compared their current experience to less pleasant positions in very different industries. Others highly valued workplace bonds built over many years. All but one spoke about great co-workers and a good working relationship with their bosses.

### One-third of workers cite their work environment and co-workers as the best part of their job.

#### **PALOMA** | CHILD CARE WORKER | **A B C**

Paloma is a 27-year-old immigrant from the Dominican Republic. She talked about the low stress level of her current job working with children at a home day care in Northern Manhattan. Her point of comparison — the job she held before immigrating to the United States— was working mostly nights at a restaurant in Austria for six years. Although she had the full benefits common in Europe of one month of paid vacation, sick leave, and higher pay, she said her new job is worth the change. In her view, there is less stress and monotony working with children and her daytime schedule is conducive to her newly married life in the United States. Additionally, this job gets her out of the house and decreased her sense of isolation as a new immigrant to the city.

#### **VALERIA** | STYLIST |

Valeria, another Dominican compatriot, has been in the United States for more than 20 years, working in beauty salons since the third day after her arrival in New York City. She left her last position due to an unsupportive boss, and has been at her current salon in Harlem for more than 12 years. She describes her two co-workers and boss as a tight-knit family in the best sense — giving each other praise and working collaboratively. She also described the difficulties faced by the salon in recent years, as the economy slowed and as clients cut back their visits to the salon. Despite some very slow weeks, she works on a fixed salary, and until now, her boss has made every effort not to cut back her pay. According to Valeria, the attitude is that they are “on this boat together.”

#### **JAMES** | RECEPTIONIST |

Others make a tradeoff between the potential to earn more and having a supportive environment. James is a 31-year-old receptionist and administrative support person for an acupuncture business in Lower Manhattan. Although he recognizes he does not make “a ton of money,” he really enjoys being part of what he coins his “acu-family.” A previous position in a different state was “very toxic,” so the positive work environment in his present position is valuable for his mental health and motivation for work. His current job has also given him the confidence and knowledge to start thinking about his next move as a tattoo artist, and potentially becoming a business owner himself someday.

#### **CALEB** | BARTENDER |

Similarly, Caleb, a 25-year-old bartender and cheesemonger at a local retail and spirits shop, chose his current job not because it pays a large amount but because he values being part of a small, local community. Originally from New Orleans, he sought out a piece of the city that appreciated and supported local businesses, and a workplace with bosses whom he could respect.

13 “The Rising Cost of Not Going to College,” *Pew Research Social & Demographic Trends*, February 11, 2014, <http://www.pewsocialtrends.org/2014/02/11/the-rising-cost-of-not-going-to-college/>.

He noted that he could have worked as a freelance writer for a publication while pursuing graduate work in writing but that his job is more flexible and less stressful, and allows him to engage with locals.

“... It would always be nice to have more money, but in the service industry I know what I’m getting into and working at a place that I enjoy is definitely worth it. It’s nice to come to work with bosses that you like and respect and consider friends.” - Caleb

## Building ladders: skills development and growth opportunities

The majority of the employees interviewed appreciated the ability to learn new skills and gave many examples of what they had learned on the job. Several noted they came to their jobs with the necessary skills, but appreciated learning how to put them to use in a new industry. Others said they had acquired skills and experience to complement those they already possessed. The overall sentiment was that the environment of a small business demands that one learn to wear many hats, since there is not the luxury of specialization. In fact, many workers described learning to manage well in various areas of the business. In her book *The Good Jobs Strategy*, Zeynep Ton explores how successful companies have cultivated more skilled and satisfied employees by cross-training them to perform a variety of tasks in different functional areas.<sup>14</sup> The satisfaction

that comes with enhanced skills certainly rang true for many of these employees.

Workers offered two perspectives on their opportunities for growth and advancement. Some thought the microenterprises were too small, limiting their ability to advance. Others saw the potential for new opportunities if the business grew, though it was not exactly clear what those might be. The workers who voiced the latter perspective appreciated the up-and-coming nature of these small businesses and that there was not a predetermined ladder for advancement. They believed the ability to create their own paths provided greater opportunity.

“That’s why I’ve stayed. I’m constantly learning new things” - Erin

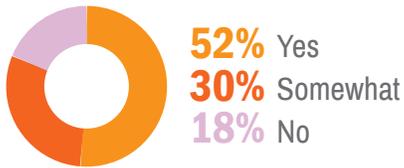
### AMELIA | OFFICE MANAGER |

Amelia, age 56, had held a series of difficult, low-paying jobs – predominantly low-wage factory and restaurant jobs – for much of her 30-year work history. Just prior to her current job in a small franchise tax-preparation firm, she had been through a particularly rough patch with her family and, lacking formal employment, had been doing informal, home-based work, either babysitting or making Nicaraguan tamales. When she saw the advertisement for three months of free tax-preparation training, it was a godsend. At the time of the interview, Amelia had been working at the business for five years, progressing from preparing the taxes, to managing and coaching other tax preparation employees and managing sales and marketing for the entire office. Amelia has an obvious thirst for continuous improvement, and likes the company’s access to continuing educational training webinars. The tax industry is demanding and challenging, with real highs and lows that come with the tax season. Nevertheless, given the skills she has acquired over the years, this year Amelia believes that she can more easily find supplemental part-time work after the tax season.

<sup>14</sup> Zeynep Ton, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits* (New York: Houghton Mifflin Harcourt, 2014), 147-149.

## GROWTH OPPORTUNITIES AT THE BUSINESS

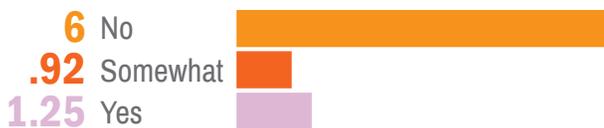
### Opportunities for Growth



More than half of the workers reported that they saw opportunities for growth in the business; almost a third indicated they saw some opportunity, and 18 percent indicated they did not see opportunities for growth in the business. The most striking difference between the three groups was the length of time the worker had been at the business. Those that said they did not see opportunities for growth had been at the business much longer than those in the other categories. The group that did not see opportunities at the business also was somewhat older than the other workers in the other categories. The other factor appeared to be the age of the business. Those that did not see opportunities for growth worked at older businesses than workers that answered they saw, or somewhat saw, opportunities for growth. This suggests that younger businesses may offer more potential for workers to create opportunities for advancement.

### Worker's Opportunities for Growth?

#### Median Years at a Business



#### Median Worker Age



#### Median Years at a Business



## JOSH | BRANDS MANAGER |

Josh works in a very different industry than Amelia: fashion. He is in charge of wholesaling seven brands for a small wholesale company with a retail clothing shop. His responsibilities include attending trade shows and developing the lines by working with designers, showing merchandise to stores, getting feedback, and managing shipping and payments. Josh had managed brands in his previous job, and is now acquiring retail skills that have rounded out his experience in the industry, which he thinks makes him more marketable. This well-rounded perspective has allowed him to be more effective at giving feedback to designers about what is in demand and what sells, and strengthens his ability to sell wholesale to stores (as he can speak to what sells in the retail store). Beyond his new expertise, Josh believes this job is helping him create a network and establish more substantive industry connections.

**“The place where I worked before was just a showroom; here they have a showroom, an ecommerce site, and a store. (Working at the store) now I have a full understanding of what happens after the clothes get to the store.”** - Josh

## MATTHEW | DELIVERY PERSON |

Workers interviewed also spoke of valuing a variety of opportunities for growth and advancement. Matthew works as a driver for a small, growing grocery delivery company and considers his future with the company to be optimistic. Some of his suggestions to improve the delivery process, such as signing for the groceries via tablet, have been implemented. Matthew has been researching how to incorporate Google transportation and logistics products into the business. He thinks this could be a good way for him to develop a new role in the business. He emphasizes that in a small business, you do not follow a typical path, and he likes that prospect.

## FOLADE | SALES ASSOCIATE |

In a similar vein, Folade, the optics worker, also expressed the opportunities that she saw as the business potentially grows and opens a second location. She thinks that her employers have been thoughtful about how they have trained their workers at the store and they take the long view as they plan for growth. She said that all the workers are cross-trained in various aspects of the business, so she sees the possibility of continuing her customer service-focused role as she takes on new responsibilities.

**“Yes, it’s a small business, but it’s not small minded.”** - Folade

## AARON | FARMER |

Aaron, the urban farmer, spoke of his professional growth path from farming to taking on a farmer education program, managing the business’ events space and, most recently, speaking in public on behalf of the business (which his boss has encouraged). As the business is still young, and the team is small and tight-knit, Aaron has had the chance to be involved with new services. Though he is still unclear as to whether he wants to remain in farming due to the long hours and minimal pay, these other areas of work have allowed him to cultivate relationships with a large network of hunger and food advocacy nonprofits, which he believes will open doors to other opportunities should he choose to leave farming.

**“There isn’t such a clear path to move up the ladder, but in a small business everyone plays so many different roles. There is more variation, and it’s less static. .... Things come along and ... if you keep your eyes open, you can create yourself a new job.”** - Aaron

## More than a cog in a wheel: meaning and purpose

Another theme that emerged from the interviews was the meaning and purpose derived from being a part of a company that was developing and had the potential to grow. Purpose and engagement in work can bolster one’s well-being and motivate workers to contribute positively to their organizations.<sup>15</sup> Conversely, a disengaged worker is likely to be less productive. A 2011 Gallup poll found that a majority of American workers —71 percent — are either “not engaged” or “actively disengaged” at work.<sup>16</sup> More than half of workers in this study voiced this sentiment of meaning and purpose. Workers seemed to have one of two personalities: the “thrill seekers” who love start-ups and find this initial phase of the business exciting, and the “helpers” who want to assist in building the business because of the important role it plays in their community.

## JAY | COOK |

Jay, the 20-year-old cook at a bar and restaurant in Brooklyn, is working at his third start-up. He thrives on getting a new venture established and takes personal satisfaction in applying what he has learned working at other start-ups to this new business venture. Based on his experience, he implemented changes to the inventory system, and said he “loves the challenge of improving the systems in the kitchen.”

**“I’ve dedicated a year to help get the business established.”** - Jay

15 Jim Harter and Sangeeta Agrawal, “Actively Disengaged Workers and Jobless in Equally Poor Health,” Gallup Well-Being, April 20, 2011, <http://www.gallup.com/poll/147191/Actively-Disengaged-Workers-Jobless-Equally-Poor-Health.aspx>

16 Nikki Blacksmith and Jim Harter, “Majority of American Workers Not Engaged in Their Jobs,” Gallup Well-Being, October 28, 2011, <http://www.gallup.com/poll/150383/majority-american-workers-not-engaged-jobs.aspx>

## ARTURO | COMPUTER TECHNICIAN |

Arturo, the former security guard educated as a computer technician, is finally putting this technical knowledge to work managing a computer sales and repair shop in the Bronx. He describes the satisfaction and learning from getting this start-up off the ground. Although he is often on his own managing the shop, he thinks being a front man for the retail shop provides tangible opportunities for him, and benefits the business owner as well. He is learning how to build a customer base, both online and with local walk-in clients, in addition to the administrative aspects of overseeing the shop. He hopes this hands-on knowledge will one day translate into knowing what it takes to run his own shop.

**“I see myself as a co-captain. Every business needs a co-captain, someone they can trust.”** - Arturo

## ELIZABETH | ACCOUNTANT |

At age 45, Elizabeth expressed satisfaction in being the “de facto CFO” of a company in the emerging green transportation industry — a modern pedicab and rickshaw business. The part-time bookkeeping and financial job fits well with her plans for the future (see below), but equally importantly, it allows her to participate in the vanguard of this emerging area.

**“(It’s fun) because of the challenges of something new popping up all the time. And the sheer coolness of the stuff we do. ... Getting to look around to see new prototypes. ... The excitement of doing innovative stuff and to change the way transportation works in the city.”**

- Elizabeth

## JOSH | BRANDS MANAGER |

## JACOB | COOK |

On the surface, Josh and Jacob could not be more different. Josh is a Caucasian 23-year-old fashion brands manager; Jacob is a 58-year-old Jamaican immigrant helping operate a Jamaican food truck. Both share a passion for small business, and choose to work in one because it is consistent with their personal values. Jacob has witnessed the positive role small businesses can play in low-income minority neighborhoods. He views the extra effort he puts into the venture as an investment in the business because he knows that once the business is established it “will help not just me, but a lot of people.” For Josh, small businesses are consistent with how he wants to live his life: working in a place where “the needs of employees come first” and the business “better a group of people, not just one person like a large corporation does.” Josh and Jacob both view small businesses as important to improving their local communities.

## A launching pad to the next phase of life

Many of the employees interviewed described how their current jobs were helping them work toward their goals: by providing a fairly stable financial anchor, the opportunity to learn the ropes of running a small business, the flexibility to go back to school, or the opportunity to develop a network of contacts for the next stage of their careers.

One particularly significant finding was that 90 percent of the younger workers in the study were interested in entrepreneurship and small-business ownership. Many of the workers profiled above express this interest — from Aaron the urban farmer, to Sophia the designer at the custom clothier. They view exposure to the inner workings of a small business as a key way to gain business experience without the full risk of business ownership. Previous FIELD-supported research found

that microenterprise clients who were exposed to business ownership before accessing training and technical assistance services were more likely to start a business than others without this exposure.<sup>17</sup> For the workers in this study, then, this learning opportunity could be pivotal in helping them create their own next jobs through entrepreneurship.

**90% of workers 20-45 years old cited interest in starting their own business. Their current job was in many ways “showing them the ropes.”**

**ROBERT** | OFFICE CLEANER | 

Additional cases illustrate the other ways in which these jobs serve as launching pads. After being raised and attending college in Ecuador, Robert — a dual U.S./Ecuadoran citizen — came to the United States with a specific goal in mind: to save enough money to finish his undergraduate thesis in nutritional science. Doing so required the purchase of specific measuring equipment. Through family contacts in Ecuador, he was able to secure a job with a small company cleaning commercial offices in Brooklyn and Queens. Although he likes the financial stability that this job provides, especially when compared to the volatility of the Ecuadoran economy, Robert fully intends to go back to his country to open his own nutritional consulting office and launch his career. He has almost met his savings goal by living modestly in a shared apartment with other family members.

**TOUSSAINT** | SALES CLERK | 

Toussaint used to work as a concierge for a luxury apartment building in Westchester; a job he called “comfortable and easy” despite the long commute from his Brooklyn home. In addition to a decent wage (\$12 per hour) and tips, he received other perks such as tickets to

sporting or cultural events. He traded that full-time job for one running a small wine and spirits store closer to home in Brooklyn, because he said he felt “too comfortable” in the concierge job, and did not see himself leaving the job to pursue his goal of returning to school. He believes the wine store is the right fit for him because it provides both flexibility and extra time (given that his commute has declined from well over an hour, to 20 minutes). Above all, the job gave him the impetus to complete his undergraduate degree and eventually go to law school.

**ERIN** | OFFICE MANAGER | 

Erin has been managing the studio of a small art restoration company in Manhattan for six and a half years. She provides all of the front office support, manages schedules, prepares shipments, keeps the books, created the company’s Web site, and even practices a little art restoration. She keeps the wheels turning at this small business and is good at her job, but her real passion is painting, which she studied as an undergraduate and continues to practice. Though not fully sure about her next move, she knows she will stay in the arts. She does not think she can afford to go back to school and views the job as exposing her to different parts of the art world and building her practical painting skills. She can use the company’s studio, and receives feedback on her painting from the owners. Perhaps most importantly, she has built a strong network of contacts in the art world that could provide an entrée to future jobs, or exposure for her art.

17 Elaine L. Edgcomb et al. “Improving Microenterprise Training and Technical Assistance: Findings for Program Managers” (Washington, D.C.: The Aspen Institute, 2002), 8.

# CONCLUSION

To return to the central question of this research: Are jobs in microbusinesses “good” jobs? The findings from the employees interviewed from this study suggest that despite the fact that many of them pay wages that would classify them as “low-wage” jobs, overall levels of job satisfaction were fairly high. This is because other aspects of the job that were important to the workers were able to mitigate or offset the effects of the lower wages. The study used three approaches to measure the quality of jobs offered by microenterprises.

The first approach examined the extent to which these jobs raised the floor, i.e., enabled workers to achieve some basic level of stability by providing decent wages and benefits, providing flexibility, a stable schedule, and a sense of fairness and respect. The jobs held by the workers in this study generally provided lower wages and minimal benefits; however, they did provide flexibility, stability, and a supportive working environment that was highly valued by the employees. Some of the workers also noted that they had few, if any, other options in the labor market due to their age or other factors.

The research also explored the extent to which the jobs also helped to build a ladder toward career advancement by teaching skills and providing relevant work experience. Many of the workers noted that their jobs served as a launching pad to future goals, by enabling them to build skills, relevant experience, or meaningful connections. One striking, although perhaps not surprising, finding is that a very high percentage of the employees expressed interest in starting their own business one day, and viewed the job as providing skills, experiences and connections that could support that goal.

The third approach to understanding job quality used the concept of “gainful employment,” which considers the contribution of one’s work to quality of life, by providing meaning and purpose, positive engagement and involvement, and work friendships. Workers in this study described positive working environments, bosses they respected, and roles that had meaning and gave them purpose. As a whole, the majority of the jobs produced by the microenterprises in this study performed well along these three aspects of job quality. Indeed, most of the employees considered their jobs as valued means to support their families and build their futures.

# Microenterprise jobs by the numbers

In addition to the detailed conversations FIELD conducted with the 27 microbusiness workers described in this report, each year FIELD conducts a much larger survey of microenterprise program clients to collect information about their microbusinesses. This research, drawn from interviews with 1,103 microbusiness owners about their experiences in 2010, found the following regarding the workers they employed:

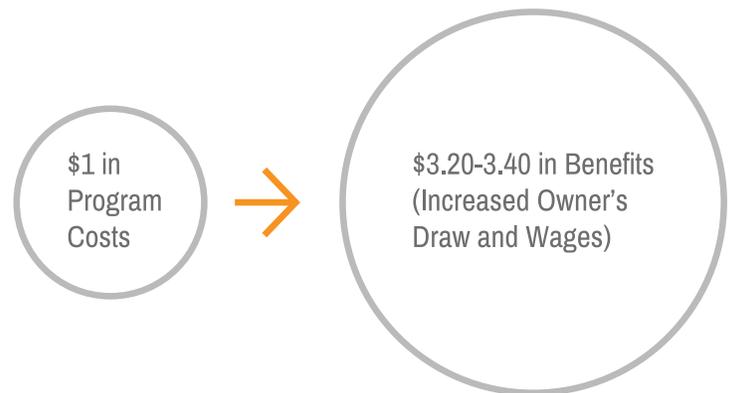
- Forty-three percent of microenterprises had paid workers, a mean of 1.9 paid workers per business.
- The median hourly wage for paid workers was \$10 and the mean was \$14.
- The median hourly wage for paid workers was 38 percent higher than the federal minimum wage of \$7.25.
- Four percent of workers earned less than the minimum wage of \$7.25 an hour, 51 percent earned more than the minimum wage and less than the low-wage threshold of \$11.73 an hour, and 45 percent earned more than \$11.73 an hour.
- Fifty-six percent of paid workers worked part time, defined as fewer than 35 hours a week.

## Hourly Wages



With data on business owner draw and wages paid to workers, coupled with data FIELD collects on microenterprise program expenses, FIELD is able to calculate return on investment figures for microenterprise programs. As Figure 2 indicates, return on investment in microenterprise development is positive: An analysis of Fiscal Year 2011 cost and outcomes data provided by 22 microenterprise programs revealed that the initial return on investment in these programs, in terms of earnings paid to workers and owners, was between \$3.20 and \$3.40 to \$1.<sup>18</sup> Microenterprises create jobs, and a sustained relationship with a microenterprise development program can support a business' job creation capacity.

## Microenterprise Client Outcomes



18 Elaine L. Edgcomb and Tamra Theford, *Microenterprise Development as Job Creation* (Washington, D.C.: The Aspen Institute, February 2013), 14.

## Appendix: Research methodology

FIELD designed and implemented this qualitative research study to generate new research aimed at illuminating how microenterprise contributes to job creation and economic opportunity. The research had a primary focus on understanding the quality of the jobs provided by microenterprises.

The study used a qualitative research design that included a purposive sampling method, an open-ended semi-structured interview process, and content analysis of the data collected. Accion East, a microlending program with offices in New York, Miami, and Boston, collaborated on the research. Accion East identified businesses that had received microloans during calendar year 2013; it then recruited potential interview subjects from these businesses.

FIELD used a purposive sampling methodology aimed at selecting businesses that were generally reflective of the microbusinesses served by microenterprise programs across the United States — as captured in FIELD’s annual Client Outcomes Survey. Businesses were screened and selected based on the following criteria:

- Industry
- Number of part-time and full-time paid workers
- Business age
- Business owner gender
- Business owner ethnicity

The majority of the interviews were conducted at the worker’s place of employment. Some took place at a location of the worker’s choosing, such as a coffee shop or the worker’s home.

Two researchers conducted all the interviews.

Interviewers were FIELD staff experienced in qualitative research and expert in microenterprise development. Interviews were conducted in English or Spanish, depending on the worker’s preference, using an interview guide with open-ended questions that allowed for exploration of a wide range of issues. While the interviews generally followed the flow of the guide, the interviewers adapted the wording and sequence of the questions, and added others, to conform to the stories told by specific respondents in the context of the actual interview. The interview concluded with some closed-ended questions regarding race and ethnicity, age, educational level, and household size.

We conducted all 27 interviews in December 2013.

Interviews lasted between 30 and 75 minutes and were recorded in order to support the analysis process. Each respondent received \$75 in payment for his/her time and willingness to share experiences with the interviewers. Respondents were promised confidentiality with respect to the use of their names and other identifying information.

A content analysis was then conducted to search for overall patterns and themes with response to the key questions asked. Some additional secondary research accompanied the analysis of the quality of work issues expressed by microenterprise workers. In particular, this research involved seeking additional information with respect to the definition of low-wage work, evolving discussions around what makes a job “good” and national data on wages and benefits for similar jobs. This secondary research provides context for these jobs.



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