

TRINITY

WASHINGTON

WORKING **HARDER**, WORKING **SMARTER**,
WORKING FOR **SELF** AND **FAMILY**
WHILE HELPING **OTHERS**:

HELPING LOW-INCOME WOMEN ACHIEVE
THE GREAT AMERICAN DREAM
THROUGH SELF-EMPLOYMENT

Focus Group Research Findings and
Implications for Future Program Support



Roxana Moayed, Ph.D.

OFFICE OF SERVICE-LEARNING AND
COMMUNITY-BASED LEARNING AND RESEARCH

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Implications for Future Program Support**

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EXECUTIVE SUMMARY

Income and wealth inequalities have risen steeply over the past 20 years in the United States. In response, ownership of very small businesses, or micro enterprises, has emerged as a viable anti-poverty strategy. In 2006, Trinity University's Office of Service-Learning and Community-Based Learning and Research received funding from the Washington Area Women's Foundation to explore the opportunities and constraints that low-income single mothers face when they consider self-employment. Using a community-based research methodology, Trinity University faculty, staff and students conducted focus group research designed to gauge participant interest in and obstacles to self-employment. This study focuses on the experiences of single heads of household, who are unmarried women with children, making less than \$35,000 per year, residing in the Washington, DC Metropolitan Area. This report summarizes the findings from three focus groups with 34 participants and explores answers to the following research questions:

1. *Do single mothers with annual incomes of less than \$35,000 contemplate self-employment?*
2. *If so, what motivates them? What are the goals and objectives they envision for their micro enterprises? and,*
3. *What are the obstacles and barriers preventing them from becoming self-employed?*

The typical participant was an African-American woman, 39 years old, never married, a single mother, and had an average annual income of around \$25,000.

The relatively simple, key finding of this report is that low-income single mothers *do* want to get out of their dead-end, low-wage jobs and go into business for themselves. None of the women in this study held out hope of finding a job in the labor market that would give her the flexibility to meet her dual household and economic responsibilities. The demographic characteristics of our participants suggest that they are pushed to consider self-employment because, as minority low-income single mothers, they are more likely to have experienced difficulties and disadvantages in the labor market. Inadequate income, lack of opportunities to build wealth and assets, insecure jobs, little opportunity for advancement, poor working conditions, and conflicts with supervisors appeared to encourage these women to consider self-employment as a more desirable option than their existing wage employment.

Participants' interests in starting their own businesses were based on their assessments of their lack of opportunities in the traditional wage-labor market as well as their family responsibilities and their present and future goals for their families. There is widespread evidence from developing countries that, when income is under the control of female rather than male heads of household, it is usually allocated to health, nutrition, and education for their children. In this study, many participants demonstrated similar altruism in relation to their children by wanting to engage in self-employment in hopes of

increasing their assets and income in order to improve their family's standard of living and future mobility.

In addition to the entrepreneurial push factors, non-economic factors such as a desire for the flexibility to combine work and family roles, being positive role models for their children and their communities, having autonomy and control in the workplace, and a desire for creative outlets and for self-expression were pushing the participants to consider self-employment.

We found that participants were more eager and willing to discuss what lures them to self-employment than to identify and discuss what they felt their obstacles were to self-employment. Lack of access to financial, human, and social capital were mentioned as participants' major obstacles. As low-income minority women, they could not have inherited these various forms of capital from their families nor easily acquired them as single mothers working in low-wage positions.

The most-frequently mentioned challenge was lack of investment money for business start-up. They also mentioned lack of a good credit history, lack of collateral, and lack of business skills and training as well as a fear of losing their health insurance. Some participants identified personal barriers such as a lack of time, lack of social and family support networks, overwhelming family responsibilities, and fear of failure. In summary, the barriers that these women face fall into five general categories:

- *Lack of access to assets and credit;*
- *Lack of access to business and management training;*
- *Lack of access to social and business networks;*
- *Lack of access to affordable childcare; and,*
- *Lack of access to information about available resources.*

Fortunately, there is a natural link between the Washington Area Women's Foundation's funding priorities and program concerns, and the obstacles that these women face in achieving their dreams of self-employment. The kinds of policies and programs the Foundation has a history of supporting are the kinds of programs these women need. The Foundation's goal of developing economic self-sufficiency among women-headed households in the Metropolitan Washington, DC Area through increasing asset ownership and wealth, increasing access to education and training, financial literacy, affordable childcare and healthcare could remove barriers to self-employment among this population.

While the Foundation's general policies support programs that reduce barriers to business ownership for women-headed households, with the launching of the Trinity University-created micro enterprise development organization (MDO) directory, the Foundation can provide concrete information designed to assist a larger number of potential women entrepreneurs. In addition to the directory, the Foundation could consider developing a comprehensive website to serve as a gateway, or portal, to the multidimensional

financial, training, and technical assistance opportunities already in existence in the DC area.

The Foundation also could consider developing and supporting strategic alliances with MDOs in the Washington, DC Metro Region. Nationally and locally, MDOs generally serve the same target population as the Foundation: women, minorities, and low-income individuals. The Foundation could encourage local MDOs to support policies and procedures that are particularly compatible with the needs of low-income single mothers.

In today's economy, low-income single mothers with dual household and economic responsibilities need the option of self-employment. The Washington Area Women's Foundation can support and encourage the development of self-employment programs and services that can be tailored specifically to single mothers aspiring to start their own small businesses.

PART ONE PROJECT BACKGROUND AND RESEARCH OVERVIEW

This study has sought to explore the opportunities and constraints that low-income single mothers in the Washington, DC Metropolitan Area face when they consider self-employment. By identifying barriers to self-employment among this population, the Washington Area Women's Foundation will be able to promote a proactive public policy agenda and to support and sustain programs that can empower women, like the ones who participated in this study, to overcome the obstacles preventing them from becoming successful micro entrepreneurs while helping them to achieve their great American dreams of launching their own small businesses. With data from three focus groups, this report explores answers to the following research questions:

4. *Do single mothers with annual incomes of less than \$35,000 contemplate self-employment?*
5. *If so, what motivates them? What are the goals and objectives they envision for their micro enterprises? and,*
6. *What are the obstacles and barriers preventing them from becoming self-employed?*

BRIEF REVIEW OF THE LITERATURE

Over the past 20 years, self-employment or micro enterprise has emerged as a viable anti-poverty strategy in US.ⁱⁱ The literature (for an extensive review of literature on this topic, *see*, Sherraden, Sanders, and Sherraden, 2004 and Edgcomb and Klein, 2005) on micro enterprise suggests that there are socioeconomic factors that push and/or pull individuals toward self-employment. Growing economic inequality in the 1980s and 1990s has led to: a decline in well-paying "middle class" jobs; a growth in contingent and temporary workers; development of a niche market; an increase in the female labor force; growth in the immigrant population; and, changes in government welfare policies which emphasized work and self-reliance. These social and economic forces *push* and *pull* more people toward self-employment. By 2001 there were an estimated 20 million micro enterprises in the U.S.; 5.13 million of these were owned by women (Edgcomb and Klein, 2005, pp. 9-11).

The micro entrepreneurial push factors are those structural factors that constrain and diminish an individual's opportunities, chances, and choices in the labor market thus pushing individuals to self-employment: unemployment, low wages, lack of occupational mobility, discrimination, lack of flexibility, and so on. The pull factors are those that attract an individual to self-employment. Individuals may choose self-employment because of financial or non-financial returns such as the ability to be one's own boss, incompatibilities between work and family responsibilities, niche market opportunities, or joining an existing family business.

Micro enterprise in particular is considered to be a viable economic option for low-income women who face labor market discrimination and disadvantages. Low-income women primarily are employed in the secondary labor market, which is generally characterized by lower skill levels, low wages, few or no fringe benefits, few chances for advancement, poor working conditions and high employee turnover. Low-income women are pulled and pushed to self-employment because micro enterprise is more flexible and less restrictive than wage employment (Raheim, 1997). While all working mothers have to balance work and family responsibilities, employers in the secondary labor market are less flexible and generous when faced with a low-skilled worker with, for example, childcare problems, than they are when a highly paid professional has to deal with the same issue. For low-income women, self-employment provides them the opportunity to balance their work and family roles and to earn a decent income that wage employment in the secondary labor market does not provide (Keeley, 1990; Raheim, 1996; Raheim and Bolden, 1995). Women may choose self-employment even when they earn less income than through wage employment because it gives them more flexibility with regards to childcare and other family responsibilities. In 1990, the median hourly earnings ratio for self-employed in comparison to wage-earning or salaried working women was 0.69/1 (Devine, 1994, p. 31).

While discrimination and disadvantages in the labor market may encourage low-income women and women of color to engage in self-employment, the same structural factors may contribute to their economic marginalization as entrepreneurs (Brush, 1990; Keeley, 1990). Low-income women do not have access to the necessary resources such as financial capital (cash, credit, and assets), social capital (information and networking), and human capital (education, business experience, and skills) required to launch and run a successful micro enterprise. Consequently, low-income women tend to choose smaller-scale, barely profitable “pink-collar” businesses that are largely home-based and tend to evolve from work the women already are doing.

Lack of access to resources helps to explain why self-employed women are more likely to be married, to be non-black and non-Hispanic, and to have completed more years of education as compared to wage- and salary-employed women (Devine, 1994). A previous study of self-employment among low-income women also shows that self-employed women who were not on welfare were more likely to have a full-time working spouse who was the main provider of family income (Spalter-Roth, Soto, and Zandniapour, 1994). Research suggests that poor women, especially single mothers who lack one secure source of income, use self-employment as way to *patch* their income package to meet the needs of their families (Spalter-Roth, *et al.*, 1994; Clark and Huston, 1993; Servon, 1996; Edin and Lein, 1997).

This study examines the problems that low-income single mothers face in the Washington, DC Metropolitan Area when contemplating self-employment as an option for achieving economic self-sufficiency. Although DC ranks fourth in the top 50 U.S. metropolitan areas for women’s business ownership, with the 25 largest local, women-owned businesses generating annual revenues from \$7.6 to \$177 million (Washington Area Women’s Foundation, 2003, p. 13), low-income women are not sharing in this

success. By developing a barrier profile for the Washington Area Women's Foundation's Stepping Stones Initiative's target populationⁱⁱⁱ, we add to our knowledge about forces that negatively impact their decisions to start small businesses. This data will be useful to the Foundation's goal of developing and promoting economic self-sufficiency for women and their families.

THE COMMUNITY-BASED RESEARCH METHODOLOGY

Community-based research is a participatory teaching and learning pedagogy that engages campuses with their communities in order to understand and find solutions to pressing community needs. Community-based research methodologies usually incorporate all or most of the following principles^{iv}:

- It is a collaborative enterprise between researchers (faculty/students/professionals) and community members.
- It validates multiple sources of knowledge and promotes multiple, often innovative, uses of research methodologies and methods of discovery.
- It engages students with the community, breaking down town/gown barriers and fostering civic knowledge, dialogue and action with a goal of creating active, engaged, compassionate and socially aware citizens.
- In the case of students from underprivileged backgrounds it connects them with their own communities, showing them that they possess significant expertise and first-hand knowledge of their local communities, validating their personal experiences as important resources of knowledge.
- Findings are generated by, for, and in partnership with the community and are disseminated to the community in useful, understandable formats.
- It has a specific social justice goal, generating social action and real social change.

RESEARCH DESIGN

In November 2006, the Trinity University faculty, staff, and students associated with this research project conducted three focus groups on women and self-employment. Focus group research uses a qualitative methodology that has been proven successful in gaining complex, comprehensive understanding of a particular topic by proposing items for discussion then moderating a focused dialogue to deeply examine participants' attitudes on a particular subject. For this study, focus group participants were invited only if they met two specific criteria: single mothers/heads of households and earning less than \$35,000 annually. We excluded women without children, women who admitted to earning more than \$35,000, or women who were married^v. Interest in self-employment, however, was not a required criterion for focus group participation.

Research Locations and Dates

- Focus Group One, November 6, 2006, Trinity University, Washington, DC
- Focus Group Two, November 9, 2006, Anacostia Professional Building (Ward 8), Washington, DC
- Focus Group Three, November 16, 2006, Seat Pleasant, Prince George’s County, Maryland

We permitted participants to bring children if necessary, provided meals, and distributed \$50 stipends to each. Some Trinity student researchers suggested that, since some participants might not have a bank account—instead using check cashing facilities that charge fees—we should provide cash stipends on-site rather than reimbursements by check to be mailed to participants after the event, which is the normal University procedure for stipend issuance.^{vi}

Number of Participants

Focus Group One 10	Focus Group Two 10	Focus Group Three 15	All 35 (N=34) ^{vii}
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The first focus group was held on Trinity’s campus and was comprised of ten participants, all single mothers of color and all Trinity University students. Many of the participants knew one another as fellow Trinity students and we observed that this group familiarity positively contributed both to individual and group involvement in the discussion—participants encouraged one another to speak out.

The second focus group was comprised of ten participants. Most were single mothers (one self-reported as married [*see footnote, v*]) of color and all were employed in various administrative and low-level supervisory positions with nonprofit service organizations within the Anacostia Professional Building in Ward 8. This focus group was organized by a former student of the grant’s Primary Investigator, all knew each other fairly well through their professional associations in the building, and we again observed that group familiarity positively contributed to the discussion.

The final focus group was comprised of fifteen participants, organized by Kim Rhim, Executive Director of the Training Source in Prince George’s County, Maryland (and fellow Stepping Stones Initiative grantee). All were single mothers of color. Some were employed, some lived in transitional shelters, and others were unemployed students at the Training Source. Few of these participants knew one another well. This, combined with this being a much larger group, appeared to somewhat constrain the focus group discussion. Consequently, Trinity student-observers participated to a greater extent at this event, asking follow-up questions at the close of the meeting to try to draw more information from participants. This follow-up was, for the most part, unnecessary at the earlier two discussions.

Human Research Subjects Protections/Privacy and Confidentiality Assurances

In order to facilitate communication among participants, we provided blank name tent cards for each participant and asked each to write her first name on the tent so the moderator, students, and other participants could refer to one another by name. To assure compliance with Trinity University's human research subjects' protection regulations, a privacy and confidentiality notice was distributed to all participants at the beginning of each focus group. In addition to giving participants this comprehensive written notice, the faculty moderator also explained to participants how our research information would be used and their rights to anonymity and confidentiality.^{viii}

DATA COLLECTION

After our review of literature on gender and micro enterprise development in the U.S., faculty and students enrolled in HUMR 301 (Seminar: *Perspectives on Gender*)^{ix} jointly developed two questionnaires. A short, closed-ended questionnaire to be self-administered by participants themselves was distributed to attendees at the beginning of each focus group discussion in order to obtain demographic information (*see*, Appendix 1). To generate a guided conversation with the participants and to elicit rich responses from them, an open-ended, moderator-administered questionnaire was also developed and was distributed at a predetermined point in the discussion (*see*, Appendix 2). The moderator also followed a general script to guide the focus group discussion (*see*, Appendix 3).

Students were required to attend at least two of the three focus group meetings; more than half elected to attend all three meetings. Students were instructed to observe the focus group dynamics and to develop field notes based on their observations and participants' discussions. These field notes, combined with their assigned readings and with classroom lectures and discussions, were used to generate student research papers.^x Although students were not permitted to interrupt focus group discussions and were asked to be as unobtrusive as possible when participants were speaking, they were invited to ask additional, follow-up questions at the end of each focus group.

PART TWO DATA ANALYSIS

The data from field notes and transcripts (all three focus groups were electronically audio recorded) were reviewed and used in the analytical process. At the end of each focus group, the moderator provided a verbal summary of the key findings which participants verified. An in-class debriefing followed, comparing students' field notes in order to identify key points and to verify common themes and patterns. By the time we conducted our third focus group, we had reached "theoretical saturation" (Krueger, 1998), meaning we found redundant information and patterns in participants' answers.

Description of Study Participants

Demographic characteristics of the 34 participants presented below are self-reported and based on a self-administered, closed-ended questionnaire they completed at the beginning of each focus group prior to our discussions. The typical participant is an African-American woman, 39 years old, never married, a single mother, and has an average annual income of around \$25,000.

Race/Ethnicity, and Age

The majority of participants identified themselves as African American (91%). Other racial and ethnic backgrounds represented included Hispanic/Latina (3%), Mixed Race/African American/Latina (3%) and Other/Jamaican American (3%). The average age of focus group participants was 39 years with ages ranging from 20 years to over 60 years.

Race/Ethnicity

	Focus Group One	Focus Group Two	Focus Group Three	All
Black/African American	90%	100%	87%	91%
Hispanic/Latina	10%			3%
Mixed Race ¹			6.5%	3%
Other ²			6.5%	3%

Age (Years)

	Focus Group One	Focus Group Two	Focus Group Three	All
20-29	30%	20%	20%	23%
30-39	20%	60%	40%	40%
40-49	20%	10%	13%	14%
50-59	20%		6.3%	20%
60-69			20%	20%
No Response	10%	10%		13%

¹ Black/African American and Latino

² Jamaican American

Educational Attainment

Over half (51%) had attended some college and 11% had an associate's degree. Five participants had a college degree or higher. Initially we had assumed that the Trinity group (focus group one) would possess an overall higher level of educational attainment than would the other two focus groups, and this bore out in our demographic analysis. In Prince George's County, the educational attainment was much lower: 13% had not completed high school and 20% had received their high school diploma or GED but had gone no farther.

Educational Attainment

	Focus Group One	Focus Group Two	Focus Group Three	All	
Less Than High School			6.5%	3%	
Some High School			6.5%	3%	
High School Graduate/GED	10%	20%	20%	17%	
Some College	30%	60%	60%	51%	
Associate's Degree ³		20%	10%	6.5%	11%
Bachelor's Degree	10%	10%		6%	
Some Graduate School	20%			6%	
Graduate Degree	10%			3%	

Marital Status and Household Composition

When we advertised the three focus groups, one of our specific requirements was that all participants be single mothers. Indeed, all focus group participants were single except for one married person in our Ward 8 group; all had borne at least one child. Of all participants, most reported being single, never married (49%), with the next highest group reporting as separated (26%), then divorced (17%), and with a fairly even distribution of one person each reporting as married or living with a domestic partner, and two self-reporting as widowed.

Marital Status

	Focus Group One	Focus Group Two	Focus Group Three	All
Married		10%		3%
Domestic Partner ⁴	10%			3%
Separated	30%	30%	13%	26%
Divorced	10%		33.5%	17%
Widowed			6.5%	3%
Single, Never Married	50%	60%	40%	49%

The majority of all participants were the only adult in their household (77%). Close to half (49%) of participants reported having three or more children and 31% of participants had two children. Only 14% of all participants reported as having none of their own children living at home. 60% reported as having two or more of their children living at home. Prince George's County participants had the highest overall number of children, with 61% having three or more children.

³ Or, Trade School Certificate

⁴ "Living With Domestic Partner"

Adults Over 18 Living in Household

	Focus Group One	Focus Group Two	Focus Group Three	All
1 Adult ⁵	80%	80%	73%	77%
2 Adults	10%	10%	13%	11%
3 Adults	10%	10%	6.5%	9%
4 Adults			6.5%	3%

Children under 18 Living in Household

	Focus Group One	Focus Group Two	Focus Group Three	All
No Children	20%	10%	27%	20%
1 Child	20%	20%	6.5%	14%
2 Children	40%	40%	13%	29%
3 Children	10%	10%	20%	14%
4 Children	10%	20%	33.5%	23%

Children of Participant

	Focus Group One	Focus Group Two	Focus Group Three	All
1 Child	30%	30%	6.5%	20%
2 Children	40%	30%	27%	31%
3 Children	10%	20%	27%	20%
4 Children	20%	20%	27%	23%
5 Children			6.5%	6%

Children of Participant Living at Home

	Focus Group One	Focus Group Two	Focus Group Three	All
No Children	10%	10%	20%	14%
1 Child	30%	20%	27%	26%
2 Children	40%	40%	6.5%	26%
3 Children	10%	10%	20%	14%
4 Children	10%	20%	20%	17%
5 Children			6.5%	3%

Employment Status, Financial Need and Benefits

Many of the participants (42%) were employed full-time and two (6%) were self-employed on a full-time basis, while 17% reported “patching” their full-time jobs with self-employment on a part-time basis.

Type of Employment

	Focus Group One	Focus Group Two	Focus Group Three	All
Unemployed	10%		33.5%	17%
Part Time ⁶	50%		13%	17%
Full Time ⁷		40%	70%	33%
Self-Employed Full Time	10%		6.5%	6%
Self-Employed Part Time and Employed Full Time	10%	30%	13%	17%

During focus group discussions, we explained that we wanted to count informal self-employment—income which they were not reporting for taxable purposes and unregistered activities—as well as fully functional and licensed small businesses. Only two participants who identified themselves as self-employed full time had formal businesses, a Prince George’s County home-based childcare center and a handmade luxury lingerie business. Those who identified themselves as self-employed part-time were patching full-time, wage-earning employment with informal employment. We

⁵ Responses of “0” were changed to 1 since all households had at least 1 adult—question was simply misinterpreted by respondent.

⁶ Less than 35 hours per week

⁷ More than 35 hours per week

found out that informal employment was underreported likely as a result of our unintentional failure to provide an answer category for those who were self-employed and wage-employed part-time at the same time. The Trinity focus group had the largest number of individuals who diversified their income sources: during that focus group we learned that, among the ten participants, only two did not engage in self-employment. Two had formal businesses but only one of them was engaged in the business full-time; the other reported that while she was paying taxes, her business, a computer consulting company, was dormant at the present time. She said her two sons were encouraging her to revive her business.

Others admitted to operating their own businesses on a part-time, informal basis. The informal employment in most cases appeared to be a coping strategy. Income diversification allowed these single mothers to survive and to be able to accommodate their multiple family, work, and school responsibilities. While we do not know how much the income generated from self-employment contributes to the overall income package of these female-headed households, we do know that their income is inadequate to meet their family needs. All Trinity participants indicated their current levels of income do not provide them with enough money to “make ends meet.” Overall, most participants (80%) indicated that their current level of income does not provide them with enough money to make ends meet. Sixty-six percent reported receiving some sort of public or private benefits from a variety of sources. This is not surprising considering that 30% of women-headed households in DC live in poverty (Washington Area Women’s Foundation, 2003).

Financial Status

	Focus Group One	Focus Group Two	Focus Group Three	All	
Inadequate Income ⁸	100%	50%	87%	80%	
Adequate Income ⁹		30%	6.5%	17%	
No Response		10%	6.5%	6%	
Other ¹⁰		10%		3%	

Benefits Received

	Focus Group One	Focus Group Two	Focus Group Three	All
None	40%	50%	20%	34%
TANF	10%		6.5%	6%
WIC	10%			3%
EBT/Food stamps	10%			20%
Section 8 Housing	10%	30%	13%	14%
Social Security Benefits			27%	11%
Disability (SSI, SSDI, etc.)			20%	9%
Unemployment			6.5%	3%
Child Support	10%	20%	6.5%	11%
Medicaid	10%			3%
Amengroup	10%			3%
Retirement			13%	9%

⁸ Job outside of home does not provide participant with enough money to make ends meet

⁹ Job outside of home provides participant with enough money to make ends meet

¹⁰ Participant responded “N/A”

Home Ownership

Only five participants owned their own homes. With an average annual income of \$25,000, owning a home is clearly out of reach of most of our participants. Access to home ownership by low-income women-headed households in the DC Metro Area is severely limited by their inability to meet the high cost of housing in the region. According to *A Portrait of Women & Girls in the Washington Metropolitan Area*, in 2000, women-headed households in DC with a median annual income of \$26,000 only could afford to buy 8% of homes in the area. In 2001, median home values in DC were \$250,000; in Prince George’s County, \$165,000; and, in Alexandria, Virginia were \$365,000. Lack of access to home ownership means lack of access to collateral and to the creditworthiness which are keys to starting a business (Washington Area Women’s Foundation, 2003, pp. 25-26).

Home Ownership

	Focus Group One	Focus Group Two	Focus Group Three	All
Owns Home	20%	10%	13%	14%
Does Not Own Home	60%	90%	87%	80%
No Response	20%			6%

Banking Experience

While the majority of participants reported having both checking and savings accounts, nearly half (49%) of participants reported that they never had borrowed money from a bank for any reason. The majority of bank borrowers were Trinity students, with six of this group having borrowed money. Although we did not ask specifics on what types of loans participants had taken out, this likely results from the fact that most Trinity students are on financial aid, including student loans.

Checking Account

	Focus Group One	Focus Group Two	Focus Group Three	All
Has	100%	90%	73%	86%
Does Not Have			27%	11%
No Response		10%		3%

Savings Account

	Focus Group One	Focus Group Two	Focus Group Three	All
Has	80%	80%	67%	74%
Does Not Have	20%	20%	27%	23%
No Response			6.5%	3%

Bank Loans

	Focus Group One	Focus Group Two	Focus Group Three	All
Has Borrowed ¹¹	60%	40%	33.5%	43%
Has Not Borrowed ¹²	30%	50%	60%	49%
No Response	10%	10%	6.5%	9%

Creditworthiness

Participants’ credit awareness could be an indication of interest in their own financial health. Overall, a strong majority (80%) of all participants had seen a copy of their own

¹¹ Has taken out a loan from a bank (such as a home mortgage, mortgage equity, line of credit or auto loan, etc.)

¹² Has not taken out a loan from a bank (such as a home mortgage, mortgage equity, line of credit or auto loan, etc.)

credit reports. They further were aware of the importance of good credit, as one participant explained:

A girlfriend of mine told me the other day she . . . didn't get a job at Washington Hospital because [of] her credit . . . Even the janitors have got to have good credit over there. . . . Oh my God! I mean to be honest with you, pretty soon you're not going to be able to get a job if you don't have good credit.^{xi}

When participants were asked to evaluate their own levels of creditworthiness, regardless of whether they'd seen their own credit report and score, the prevalent feeling was that they had “average” or “bad” credit (71%).

Credit Report

	Focus Group One	Focus Group Two	Focus Group Three	All
Has Seen ¹³	90%	70%	80%	80%
Has Not Seen ¹⁴	10%	20%	20%	14%
No Response		10%		6%

Creditworthiness¹⁵

	Focus Group One	Focus Group Two	Focus Group Three	All
Excellent	10%			3%
Good	10%		13%	9%
Average	40%	40%	40%	40%
Bad	30%	30%	33%	31%
Does Not Know		20%	13%	11%
No Response	10%	10%		6%

During the focus group discussions, lack of creditworthiness again was mentioned by many participants as a major obstacle to self-employment. Most participants who named it as one of their top four obstacles expressed distress when discussing their lack of, and desire for, good credit; many appeared quite hopeless about ever repairing their credit. Participants bemoaning their own lack of creditworthiness said:

- . . . My credit is horrible.
- . . . My credit's kind of shaky.
- . . . My credit is jacked!

¹³ Has seen their own credit report or knows exact credit score
¹⁴ Has not seen their own credit report or does not know exact credit score
¹⁵ Or Best Guess

PART THREE RESEARCH FINDINGS

GOALS AND OBJECTIVES FOR SELF-EMPLOYMENT

Questions about goals and objectives for and obstacles to self-employment were the key questions driving this study. To this end, the majority of focus group discussion time was allocated to discussions around these questions. For the goals we developed a list of 15 items based on the research literature. After the moderator asked participants to think about their goals for owning their own small businesses, they were given a pre-prepared list and were asked to place an **X** beside all the items that described their goals then to select the four items they thought were most important, to share orally with the group. Lists of top four items were recorded on a flipchart as a visual aide to the discussion; participants' written responses were collected at the end of the meeting for tabulation of frequencies.

All participants who were not already self-employed uniformly expressed interest in owning a business. Most said that they had been motivated to participate in the focus groups because they believed we were going to provide information to assist them with small business ownership. But why does a low-income single mother consider self-employment without the benefit of the second wage earner to protect her against the high failure rate of small businesses? The demographic characteristics of our participants suggest that they are pushed to consider self-employment because, as minority low-income single mothers, they are more likely to have experienced difficulties and disadvantages in the labor market. Inadequate income, lack of opportunities to build wealth and assets, insecure jobs, little opportunity for advancement, poor working conditions, and conflicts with supervisors appeared to encourage these women to consider self-employment as a more desirable option than their existing wage employment.

In addition to the entrepreneurial push factors, non-economic factors such as a desire for the flexibility to combine work and family roles, being positive role models for their children and their communities, having autonomy and control in the workplace, and a desire for creative outlets and for self-expression were pushing the participants to consider self-employment. Exposure to self-employment through their parents was also mentioned by a few participants as drawing them to self-employment. Among the 15 goals and objectives identified in the literature as common entrepreneurial goals for engaging in micro businesses, participants selected the following items as their top four goals for considering self-employment.

Participants' Highest-Ranked Goals for Owning Their Own Businesses

The goals listed below are aggregated by all participants across all groups. For a comprehensive list of rankings across all focus groups, see Appendix 4.

Highest-Ranked Top Four Goals Across All Groups

Owning my own business allows or might someday allow me to build assets and wealth for my family.

Focus Group One	60% (6)
Focus Group Two	70% (7)
Focus Group Three	73.3% (11)
All	69% (24)

Owning my own business allows or might someday allow me to increase my family's income.

Focus Group One	30% (3)
Focus Group Two	70% (7)
Focus Group Three	60% (9)
All	54% (19)

Owning my own business allows or might someday allow me to be a role model for my children.

Focus Group One	20% (2)
Focus Group Two	60% (6)
Focus Group Three	60% (9)
All	49% (17)

Owning my own business provides or might someday provide me with the flexibility to take care of family members.

Focus Group One	40% (4)
Focus Group Two	50% (5)
Focus Group Three	33.3% (5)
All	40% (14)

Owning my own business allows or might someday allow me to serve my community by providing a much needed service.

Focus Group One	30% (3)
Focus Group Two	40% (4)
Focus Group Three	0 (0)
All	20% (7)

Building Assets and Wealth

Given the fact that 80% of participants reported that they did not earn enough to meet their needs, it is interesting to note that the desire for asset-building surpassed the desire to increase the women's family incomes; 24 of the 34 participants ranked building assets and wealth for their family as one of the top four goals for starting a business. When probed during focus group discussions, participants identified building resources and developing an asset base for the future mobility of their families as major reasons why accruing assets was so important to them. Most believed that they have little opportunity to build financial security for their family through wage employment and they felt disappointed by their efforts to date. They saw self-employment as the only viable option to enhance their abilities to accumulate assets and to improve their children's financial wellbeing and their families' futures. These feelings are summarized in the following quote by a single mother who was forced to drop out of college due to financial difficulties and who could not purchase a plane ticket to send her daughter to China, even though the rest of the child's travel expenses had been covered by a scholarship:

For me, it's about increasing my assets because money, it'll always come and go. It will. And the value of it will change based upon the circumstances of our current world and our future world. But, I just feel like, certain things such as spending thirty-five to forty years to pay off a house note, and, I'm looking at college tuition loans that I probably may not live to even see these get paid off.

But when I think about the things that we do, like coming to work every day to accumulate not just—for me, I come to work every day not to accumulate just money or financial standing, I come to work to accumulate skills and things that will see me over to the other side past the ‘I just bring a paycheck home’ side and, and I’m saying it because, like, the whole discussion that we’re having is about, you know, those plans. I don’t, the money is a cool thing and it’s OK with me but, when my daughter says ‘I have a trip coming up and I really want to go,’ and I know it’s an experience that she really needs to have, I know the job that I have here ain’t going to give me the money to make sure that she can go on that trip. And like you said, you’ve been comfortable. But everybody doesn’t feel that they’ve had that particular type of comfort over a period of time. And my oldest daughter is seventeen, my youngest daughter is twelve. So I know what is incumbent upon me as a parent to provide for them and I know my job here isn’t going to get it. So I don’t want to make money to—I want money for access, I don’t want money for, you know, just being able to shoot up, or spend, or see it pile up in the bank. I want money because it’s going to provide—and not just money, but status—having my own business, being an entrepreneur, will give me the access to the other things on the other side than just being in the working class status. So, my goal, like you said, money is relative but my goal, I swear, is just a lot larger than ‘I need some dollars in my pocket.’ I need access, I need some status, I need some stuff attached to my name that says it’s OK for me to go over there versus always having to go over here . . .

Many emphasized that they are not interested in self-employment to make more money for consuming goods and increasing leisure. They repeatedly said that they wanted to create the potential for additional income and wealth in the future for their children and following generations:

There’s a big difference between just increasing your family’s income and then building assets and wealth. Assets are more important so that’s what I want, more than just building your income, because with a larger income comes more responsibilities and you are still going to be saying that you want more money, you know, because, you know, when you ask for a raise, you’re thinking when you get that raise, oh, I’ll be able to have more money to do what I want to do, and then more things come up, so, it’s not really an income I want, it’s just like you said building something so I can pass it on to my family . . .

I want to build assets and wealth for my family. When you speak of family, I’m not talking about just my children. I want my children’s children, their great-great-grandchildren, to be well-off. I want to be the legacy. I want to be, you know, more powerful and well-known than Magic Johnson right now . . .

I want to be able to do something that I can pass on to my children that the children can possibly take over, and build an empire. Not just so they can take care of their grandchildren and not just a little bit of something, but something that can possibly be passed on from generation to generation . . .

Some participants emphasized that they wanted financial security not only for their own children and nuclear families but for their extended families and beyond:

Building my assets for my family is really a big issue for me because I won’t always be here and I do want them to have something that they will have to help them along . . .

I want to increase my family's income and to build assets and wealth for my family. I think it's important for me not to only be able to take care of my child but my family as a whole . . .

I would like to take care of my family like my nieces and nephews, I would be able to give back to them, let them work for me and things like that . . .

Because my goal is to start with my own business but take that, the wealth from that, to plant it into other families—to take other families from homelessness to wealth . . .

For some, asset-building through self-employment specifically meant being able to send their children to college:

Owning my own business allows or might someday allow me to build assets and wealth for my children, so my children can go to college and they can do the things that they need to do. And just pass that generation on to them so they don't have to struggle.

A number of participants at Trinity University believed that they are the only individuals in their family with adequate social and human capital to build their family's economic assets:

We need wealth in our family and I think I am going to be the person that gets us there . . .

I'm the first one in the whole family to go to college or to go on from there. They really don't have the education. I'd like to help . . .

Increasing Income

There is widespread evidence from developing countries that, when income is under the control of female rather than male heads of household, it is usually allocated to health, nutrition, and education for their children. In this study, many participants demonstrated similar altruism in relation to their children by wanting to increase their income in order to improve their family's standard of living:

My family is my number one priority. It gives me tremendous happiness and joy to see my family not only get what they need but also get what they want . . .

I'd like to live in a better environment near better schools and not worry about sacrificing . . .

I want to increase the family income so you don't have to scrape at crumbs to become a magician with the little bit of money that you get . . .

I would like to do something to allow me to increase my family's income. My goal is not necessarily money, my goal is not necessarily to be rich, and I just want to be comfortable in order to do what I have to do when I want to do it. And for me it doesn't require wealth, it just requires a certain income for me to do that . . .

Being a Role Model for Their Children

Many participants talked about the importance of being a positive role model for their children. They believed that owning a business would help their children and teach them to value independence and self-sufficiency:

I would like to open my own business so it would show my daughter that she can be independent and she won't have to lean or lean on someone that is and, as an adult, she will be financially settled and it just—I would like to role model for her [so] she can say, 'my mom did that' . . .

I think with my generation and I'm not speaking for everyone, but for the people in my generation who I see enough to go by the majority, the mistakes that our family members made before us, you never want those days to return. I never want to experience my daughter looking at me as an unemployed mother. I just, I can't, and I can't be that. Never do I want my daughter to ever experience that or having her experience, you know, a hole in the bottom of her shoe. Or having her experience herself, in the middle of the street, and she got nothing. I saw the mistakes that my mother made . . .

I would like to be role model for my children . . . let them see mommy did this . . . I don't even want my kids to work for nobody . . .

Flexibility

Since the majority of participants were the only adult in their household and had at least one child or more under 18 living at home, their child care obligations and family commitments made standard wage employment both demanding and difficult to manage. A uniform complaint among participants was that their employment schedules and requirements failed to accommodate their parental responsibilities:

One of the reasons I want to open up my own business is because, for me, being a single mother, I, and having my kids, I like to go and participate in my kids' activities in school. I want to go to conferences. I don't want to be at work at eight o'clock in the morning. I want to go to work when I want to go to work, show up when I—you know? I want to be in control of the situation. So that's one of the things. And if I don't want to work on a Saturday, I don't have to work on Saturday. If I want to come in and six o'clock in the evening, I can come in at six o'clock in the evening and prepare my day, and you know have the morning for my children. So, one of them is to be, to have that freedom and have that liberty to do so . . .

My job is not like a regular nine-to-five job. It's not like you can clock in at nine and you're guaranteed to leave at five p.m., so it does limit my income to always be where I need to be for my family members. So it's kind of like, while we are taking care of other people's family members, we're having some difficulty trying to fit in taking care of our own family members. And it's hard even being put in a predicament where you have to make a distinction between, you know, will I make this meeting, or will I head on over to the school and check on my child? And you do what you have to do but it does, you do have to fight with it . . .

Believing that self-employment would allow them to combine parental responsibilities and paid work, many hoped self-employment could give them more control and flexibility to get involved in their children's lives as explained by the following quotes:

I would like the flexibility to be able to put more effort in the family aspect. Not always to tell my kids I have to work, I have to work, I have to work . . .

I come to work to—it's kind of funny 'cause I come to work to get away from my kids. At some point, I think that it would be like finding a medium where I would be able to be there for my kids, spend some time in the school in volunteering. Some stuff I can't do now working full-time. I could do the childcare. I would be able to give back to provide people that have children a safe environment for the children and the kids care. It would be a quality assurance of childcare, so you don't have to worry about their homework being done, it would be done before they leave and I would be open different hours so it would fit the family's needs . . .

Flexibility to take of my family members is most important. I'm a single mother of one child and but I have a large family business as far as my sister, brother, and mother and my step-children . . . their families all scattered and nobody's with the kids and I never would want that for us. I want to be able to go rescue them and be there for them. I want to be able to go on field trips and volunteer in my daughter's class. Those things are important to me. I want to be able to be there whenever I need to or whenever I feel like I just want to . . .

Service to Community

Seven participants ranked helping their community among their top four goals for owning businesses. During the focus group discussions, many explained their desire to own a business in the context of serving disadvantaged people in their own communities. As one of the Trinity participants explained:

I don't want increased wealth because I can have the big house, the big car, and the big bank account. OK? I can put my money in my mattress. I just want it to be there when I need it. You know? If I need it for my community, I want it to be there for you. I want you to be able to do those things. I don't want you to have to worry or wonder because you're part of my, you know, my village. You're part of my daughter's village. You're part of her daughter's village, or her son's or daughter's village.

They hoped that their businesses might lead to an increase in access to social services and economic resources in their communities. Some respondents appeared to be motivated by their experiences as single mothers which seem to have brought about a heightened sense of social responsibility while shaping their desires to consider launching businesses with missions to serve people like themselves:

I have a lot of different business ideas and I want to help my community. I have a lot of things that I'm good at but I feel my plan is, one of, to fall back on one so the other ones can come into play. I want all of my businesses to work out. I'm just trying to figure out which one would be more successful first so that I can finance all the other ones with that first one. But I do want to have a service where moms are able to call, like a transportation service, and if they feel as

though that they are running late, that they are like already in the system and if they can call a transportation service to go pick up their kids and take them to a central location, so go get the kids. You know, for the kids to go and then they can pick them up at a later time. There's a fee that's already worked out for their parents. So I believe that that's a much-needed service for the community . . .

I want to give back to the community where I grew up. There are a lot of young teenagers born now who're having babies and I want to teach them alternatives on how they were raised . . .

I would like to offer and provide employment opportunities for minorities in the community that have major barriers in their life [like] unemployment . . .

I want to serve my community by providing a much-needed service. I think childcare is very important. I think it's like the most important years. Any child. I want to be able to provide the appropriate childcare for children, I mean, so they can have the opportunity to reach their full potential, I mean, socially, physically, intellectually . . .

Some saw service to the community as part of their religious commitment. A participant who wanted to open a group home for teens explained: "I feel like I have a purpose and my purpose is to have some dealings directly with the youth." Others believed that, as minority women, business ownership would give them the opportunity to become role models for and within their communities:

Each and every one of us here, we need to bring about a new image from the media, community, TV, entertainment . . . it's important to have pillars, I call them, like the pillar, for people to lean on, when they really have nothing and no one at all . . . Everybody here has something that they have to give to the community, the local community and overall. Our children need to come up seeing wealthy women and African American women, wealthy black women because we just don't have those role models to work with . . .

I want all of us to make it. If you go farther than me, help me, help me out. You know what I'm saying? Let's get there together . . .

Autonomy, Control and Self-Expression

While the factors participants identified most frequently as their top four goals for owning their own businesses such as creating wealth and increasing income for their families, being a role model to their children and their communities, and the flexibility to spend more time with their children, *pull* these single mothers to consider self-employment as a desirable option, dissatisfaction with their current work environments, especially conflicts with management and a lack of personal autonomy and self-expression, were identified as *pushing* them towards self-employment. These factors were not identified as the top four goals by a majority of participants; however, during focus group discussions they emerged as significant factors pushing many of them to consider self-employment as a desirable option. Discussions gave participants opportunities to reflect on their earlier written answers; the relative importance of these options increased during reflection and group discussion.

Having control over their work lives was important to many of the participants across all three focus groups; Trinity participants, however, put a greater emphasis on this issue than did the other focus groups. Poor working conditions and lack of respect, especially rude supervisors and coworkers, were given as examples by a few participants as one reason self-employment was more dignified and desirable than wage employment:

I've worked in certain environments whereby it was stressful due to some of my co-workers and sometimes my managers. I had one manager, as a matter of fact, that was so rude he literally walked in my office, sat down in the chair, and put his foot up on my desk and he was my supervisor who had to evaluate me and decide if he was going to give me the proportionate amount of work I needed to get my promotion or get my higher rating so I found that stressful. And then I had to deal with his wife who also worked on the team and as it got closer and closer to deadline she would have a hissy fit, not normal but the deadlines were extra pressure. And when she got extra pressure on her, she exploded and expected me to be a sponge and absorb it. And that was horrible so I kept thinking, if I could just hang in there for five more minutes I could have my own job. That's why [owning a business] is very important to me.

A desire for control and autonomy were expressed by many participants. The yearning to exercise sole control of their time, their work environments, and their labor productivity were explicitly cited as reasons for wanting to become self-employed and to avoid the indignity of closely supervised, low-paid wage employment:

I need to feel in control of my work environment and that is very important to me because when I have control of my work environment I have peace, and when I have peace I am able to produce and function at a much higher rate . . .

I would rather work for myself rather than others, meaning no report time, not working under pressure, having to do things where I can do them my way in my own time, pacing . . .

I want to work at home and I can decide who's going to be in it for me. If you're not good quality and you don't want to work I can send you out the door and I don't have to be bothered with that. I'll be able to be in charge and I'll be able to influence the behaviors on the job because it'll be my rules . . .

Being in control of my own work environment, knowing what I want my outcomes to be, how to work towards those things instead of them being dictated or having to use other people's protocols sometimes . . .

Many participants were strong, independent women whose opinions were not always welcome in their low-paying jobs:

Owning my own business might someday make me feel in control of my work environment. That's very important because work is filled with a lot of different personalities and there's always a political game to be played and I don't necessarily like that—I'm more of a straightforward, in-your-face kind of person and I usually get a reaction to be you like me or you don't, so, for that reason, I would want to be in control of my work situations because I know who I am, I know what I stand for, and I know what I will and will not tolerate.

Others believed that owning their own businesses would offer them possibilities for self-fulfillment as well as opportunities for creative self-expression and even spiritual fulfillment:

Who wants to work and not feel fulfilled? I definitely want self-fulfillment and to know that, when I die, that I did something with my life and what God put me here to do . . .

I want self-fulfillment, not a sense of pride but a fulfillment because right now I feel like I'm peddling backwards. This was not what I was meant to do—what I'm doing right now . . .

I want a job that I can create that I would love to go, to go further. Not just a job because it pays money. I want to do something that I can take pride in and I'm happy about. I have a lot of trades that I'm good at but I don't have enough money or clients. Because I need to love my job. I don't want to just go to a job . . .

A few participants, mostly in the unemployed Prince George's County group, thought that self-employment would give them more control over their work lives, especially with regards to avoiding the insecurities inherent in the formal labor market:

...[R]ecently I was part of lay-off with a major corporation and it kind of left a bad taste in my mouth because this was a place that I saw myself retiring, just really growing there and I felt like I was kind of stumped with that . . . Again, going back to the lay-off thing and how I really wasn't in control and there wasn't really anything I could do about it . . .

I experienced unemployment when a position of mine was basically cut out because they closed the department and although it was short unemployment one week, it was still not a good feeling because I am used to moving. So, for me, doing something, being employed, is very important . . .

OBSTACLES TO SELF-EMPLOYMENT

The second key question in this study was to find out what challenges and obstacles low-income single mothers face when they consider self-employment. After the moderator asked participants to think about barriers to self-employment, they were given a pre-prepared list containing questions identified from our review of the literature and were asked to place an **X** beside all the items that described their perceived obstacles then to select the four items they thought were most important to share verbally with the group. Lists of top four items were recorded on a flipchart as a visual aide to the discussion; participants' written responses were collected at the end of the meeting for tabulation of frequencies.

We found that participants were more eager and willing to discuss what lures them to self-employment than to identify and discuss what they felt their obstacles were to self-employment. Lack of access to financial, human, and social capital were mentioned as participants' major obstacles. As low-income minority women, they could not have

inherited these various forms of capital from their families nor easily acquired them as single mothers working in low-wage positions.

The most-frequently mentioned challenge was lack of investment money for business start-up. They also mentioned lack of a good credit history, lack of collateral, and lack of business skills and training as well as a fear of losing their health insurance. Some participants identified personal barriers such as a lack of time, lack of social and family support networks, overwhelming family responsibilities, and fear of failure. The last item was not included in the original list of obstacles provided to participants; rather, participants themselves continued to bring this item up, particularly in the Prince George's County groups.

Participants' Highest-Ranked Obstacles to Owning Their Own Businesses

The obstacles listed below are aggregated by all participants across all groups. A comprehensive list of rankings across all focus groups is appended to this report (*see*, Appendix 5).

Highest-Ranked Top Four Obstacles Across All Groups

I don't have access to investment money.

Focus Group One	70% (7)
Focus Group Two	70% (7)
Focus Group Three	66.6% (10)
All	69% (24)

I don't own any property or have any other assets.

Focus Group One	60% (6)
Focus Group Two	40% (4)
Focus Group Three	13% (2)
All	34% (12)

I don't have a strong credit history.

Focus Group One	30% (3)
Focus Group Three	46.6% (7)
Focus Group Two	50% (5)
All	43% (15)

I don't have the training and business skills I would need to own my own business.

Focus Group One	20% (2)
Focus Group Two	30% (3)
Focus Group Three	33.3% (5)
All	29% (10)

I don't know how to start or run my own business.

Focus Group One	40% (4)
Focus Group Two	40% (4)
Focus Group Three	33.3% (5)
All	37% (13)

I don't know anyone (or enough people) who can help me with my business.

Focus Group One	30% (3)
Focus Group Two	30% (3)
Focus Group Three	0 (0)
All	17% (6)

I have too many family responsibilities.

Focus Group One	20% (2)
Focus Group Two	10% (1)
Focus Group Three	26.6% (3)
All	17% (6)

I don't have enough time.

Focus Group One	10% (1)
Focus Group Two	60% (6)
Focus Group Three	13% (2)
All	26% (9)

I don't have health insurance or I would lose my current health insurance if I quit my job outside the house.

Focus Group One	20% (2)
Focus Group Two	30% (3)
Focus Group Three	6.6% (1)
All	17% (6)

Access to Investment Money

Because many participants had no assets (only five owned homes) and perceived (whether rightly or wrongly) that they had poor credit ratings, they assumed that conventional investment money would not be available to them. As was reported earlier, nearly half (49%) of participants reported never having borrowed money from a bank for any reason. Consequently, many identified lack of investment money as their primary obstacle to self-employment:

I don't have any property or assets so first thing when you start a business plan is basically to know what you have and what you need. They really don't want to sit down and talk to you because you haven't really established anything. They want you to own something that they can collect on . . .

I don't have any money. I'm paycheck to paycheck. If I felt like I was in a position where I could step out on faith or if I had that little bit of cushion money, I would try . . .

I don't have a strong credit history. Some parts of me would not mind doing it, you know, just crunch up on your time, just try it, maybe it'll be good, just go look for a building, start there, you know, I really want to do it, I really want to but I don't have the money. I want to be able to present something to the table when I go ask anybody to give me anything . . .

Investment money was also an obstacle to participants who had informal businesses and wanted to expand and, we assume, to formalize them. A Ward 8 participant who had a clothing business she operated out of her home and a full-time job, and who wanted to expand her business, explained:

I had so many barriers when I rented a place. After I did my rent, paid wages because I had to have somebody working with me, and did all that, I came out on the negative because I didn't have start-up capital. I had expenses, and they told me that a year, you've got to look at it like that, but I was just unable to do it. And I had to have somebody else with me, and I don't want a partner anymore because it's a lot of conflict in this. Then I had to pay for a market research, because I wanted Ward 8. As soon as they finished the market research; Ward 8's value went sky-high. So, everything, every storefront that I investigated that I would like to be in, I found that I couldn't afford it. So I tried minority money, I tried minority grants and you have to have time to do the research for just finding the money out there.

For some, home ownership was perceived as a prerequisite to business ownership, and, even when they owned a home, financial investment was still perceived as an obstacle:

The obstacles for me would be mostly financial, meaning; I don't have access to investment monies. I've had money, I have my own home, but monies, extra monies for my dreams, the business is my dream, to create it and see it flourish is my dream. I need the financial resources to allow me to be freed up to concentrate and focus on my dreams.

Creditworthiness

Explored previously in this report, many participants mentioned bad credit as a major obstacle to overall financial security, especially with regards to launching their own small businesses. Many despaired of ever repairing their credit and saw it not only as an obstacle to micro entrepreneurship, but to owning a home and to overall financial security.

Business Knowledge and Training

While all the participants dreamed of starting their own businesses, many did not know where to start and explained that they had very little knowledge of the expertise needed to start a business, exemplified by following quotes:

I had a small business and every time I would get enough money from this business, I would buy another outfit for the child and have enough to get pictures taken. I never thought to put aside anything . . .

I don't know how to get it started, the stuff I need to start it . . .

I don't have the proper training. I don't know how to start my own business . . .

I don't know how to start or run my own business. I don't know where to start . . .

A few who seriously were pursuing their dreams of self-employment expressed frustration with business paperwork, complex technical procedures, and the expertise needed to develop a business plan in order to apply for a business loan:

You have to have a good business plan written up before they'll lend you money. And the requirements are so great. It's a long list with about three pages and the

lines are so small. More than three. And then you have to produce all those requirements whenever to borrow, they give you money. And then if it doesn't sound right to them, they don't think it's real. And then you have to write the plan and bring it in and then, oh man! That is for a pro! You almost have to pay somebody to write a business plan for you before you can get any help so it'll look good on paper and who has the money to do that?

Social and Business Networks and Support

While only six participants at Trinity and in Ward 8 ranked lack of social support as their top obstacles, during the focus group discussions in each of the three groups, lack of access to support networks and business connections emerged as a significant barrier to self-employment. A few indicated that they have an existing network of support including families, friends, and churches. The majority said, however, while their families offered emotional support they could not be relied upon for financial support or even childcare, which was identified as a major financial burden. According to *Portrait*, in DC, women-headed households with a median income of \$26,000 spend 70% of their income on childcare (Washington Area Women's Foundation, 2003, p, 29). Lack of access to affordable childcare coupled with their families' failures to fill in gaps left them little time to devote to their dreams of self-employment:

I have emotional support from my mother saying you can do it and you should start it and I don't know why you're wasting your skills and you know I believe in you but she ain't going to watch my kids while I go to school. You know, I don't have that physical support. While I'm out running and pounding the pavement or trying to take a class, who's watching the babies? That type of support. And I'm an only child so I don't have a bunch of brothers and sisters I can say here, you know, watch him while I run and do this. I'm just kind of waiting for them to get older . . .

I have emotional support but not financial. I have to find me somebody to watch the kids . . .

I have a small family. I don't have a lot of sisters and brothers. I do have one sister but she has health issues. When I need someone to watch my children for me so, to be able to pay somebody, what, I think the going rates like twelve, thirteen dollars an hour now for a babysitter, so, show up so many minutes late, they charge you five dollars for the daycare, so much monies for that . . .

Others complained about their lack of business connections and support. As single low-income mothers, very few participants had finished college, lived in supportive neighborhoods, belonged to organizations, or worked in jobs that assisted them with developing business connections:

I don't know anyone to help me with a business. I really don't have money. I've never been around business-minded people that had built their dreams . . .

It's important to have a connection, knowing people that have their business. And they're saying, you know, this is what you do, you don't do this, and you do that. Getting the steps on how to start a business. Getting experience from people like that . . .

Most participants knew that acquiring social capital is necessary for the successful development of businesses. However, many did not know where or how to start. Trinity participants showed the greatest awareness of the significance of this issue for successful business development. More than a few bemoaned the lack of business support in and difficulty of acquiring support from the African American community. A Trinity participant who had developed a luxury lingerie business described her efforts to develop business connections:

Nothing will keep me from doing what I need to do. The only obstacle I could see was I have a silent partner and when I say silent I mean dead silent. I was looking for networking because you have to get a really good team of networks to promote your business. It was very hard for me because I called everybody. I called Essence magazine. I called all the people that show up to stuff, to help me, and it was horrible. They wouldn't give me any names, anybody that could help me, do workshops, anything. I said I would pay for it or do whatever I have to do, so I contacted Earl Graves, who is Black Enterprise, and all the people hired for his company, his son Seymour, he runs the company. So, with all my calling and persistence and getting hung up on and saying, telling people I know, you know whatever, he said he was blood. He autographed [[his book], he sent me a letter, he said, whatever you need, and I'm here. So persistence pays off. So, that's not the only obstacle. People are going to shut their doors in your face. You can't be sulking. You have to grow a tough skin, baby. That's the only obstacle I can figure because I really wanted to get smart and like curse somebody out. I told them I didn't want to speak to an assistant; I want to speak to your boss.

One of the Trinity participants proposed an immediate solution to improve their lack of socially based business networking:

After [this focus group], I guess if there's a blog or whatever, where people can go back and just kind of revisit what was said because everybody had different issues. So if there's someplace that we can go back and visit later, that we could use. And then, by it having to be a blog, then maybe other people could add some sources that you don't have and get that. And type this up and tell them whatever you're going to do, I tried this from whatever I said, and then someone else could say, try this way, and so sometimes, because I know, I'm shy and I'll do a lot better on e-mail. I can talk to you for hours on the e-mail . . .

Other Trinity participants supported this suggestion, and in response to this suggestion, we created a Yahoo! Group, TrinityMicroEnterprise (<http://finance.groups.yahoo.com/group/trinitymicro/>). Most focus group participants declined to join the group or failed to participate after joining (n=7). A likely explanation for the failure of the TrinityMicro Yahoo! Group could be the complexity of navigation inherent in the Yahoo! Groups model which can be challenging to unsophisticated web users.^{xii}

Family Responsibilities and Time Constraints

Most participants knew that, to launch a successful business, they would have to invest a great deal of time and energy in that business; however, most indicated that being the sole breadwinner for their families left very little time and energy to invest in their dreams of owning a business:

I don't have enough time. I actually went to a seminar with William Jolly and he said you need to at least put two hours a day into whatever business you want to start up. First, you got to identify what business it is. Then put the time in and commit to yourself to, to find out and do something about that business, to even get it started . . .

It takes a lot of work to start a business. I know a lot of people want it for the flexibility but the beginning, to start a company, to start a business, you don't have any time. There is no free time. If that's your passion and if that's the only thing that's bringing in money, and I have three children and I'm very active in their life. I work full-time and I still have three, they're active, and it's hard, you know? Working for someone else. So that is, that's something that I think about, would I really be able to put a whole lot into it, being a single mother, not really having a lot of support . . .

One Ward 8 participant, who was a single mother with two daughters and a former Trinity University student with a very high GPA who had to drop out due to financial difficulties, eloquently summarized the hopeless situation that many of these women experience if they decide to pursue their dreams of self-employment:

Knowing all of us, like, the way I know us and the work capacities, the things that we do every day, Monday through Friday, in the course of a day, knowing the people who preside over us as we do the work that we do, I always feel like we're working hard. I feel like, for what we get paid and the income brackets that we are currently in, and the things that we subject ourselves to, I just feel like, it really shouldn't be this hard of a struggle to have the income to even set up assets, to say, I want to put more in my portfolio, you know, this month I'm going to decide to add a couple of hundred to my portfolio or change the status, but I can't do that because I've got regular bills. We have regular bills, electric, gas, water, telephone, power—mortgage note, rent, car note, I mean these are things of sustenance, right, that we have to have. So it's like if you sacrifice something, you pay for it on the back end. So if you want to take the time to give attention to your small business you want, you know, you could take a couple of hours and go look up something, or check into something, just like going to school. But before you know it, you've got hours of work to make up and you know more time to put in, so when you put on your timesheet 'I worked forty' ain't nobody clocking you saying 'did you really work this forty?' You know, so, it is, is discouraging. It's discouraging.

Health Insurance

Although it was not selected as a major obstacle across all focus groups, a small number of participants (6) reported that losing their insurance was one of their top four barriers to self-employment:

I will lose my permanent insurance and I'm sorry, that's a dream that I'm going out on, and dreams end when you wake up.

Fear of Failure

Although we did not include fear of failure as an option in our obstacles questionnaire, it was mentioned as an important barrier by several participants, predominantly in the Prince George's county group. This probably relates to their having the lowest educational attainment, lowest income, and largest families with the greatest numbers of children. Single mother households who barely survive on low wages obviously are more likely to demonstrate higher risk aversion because, as some participants mentioned, failure in their businesses would put them in a bigger hole than they were already in. And their fear of failure was based on a realistic assessment of their situation, not simply a psychological fear. When so much is riding on every decision a person makes, fear of failure is an entirely rational response.

PARTICIPANT KNOWLEDGE OF EXISTING RESOURCES

At the end of each of the three focus groups, participants were asked if they were aware of any local organizations or other entities providing micro loans, business training and technical assistance, or any other avenues of support for women interested in starting their own small businesses. A few participants from each group indicated an awareness of at least some resources and provided names for a number of different organizations and services, both in the DC Metro Area and online. A number of local organizations either were named specifically or referenced in a general way. Very few had positive experiences with accessing resources successfully:

. . . [W]e have tools available and there are programs out there to help you. Everybody here that doesn't have a house, be on the Internet tomorrow looking for first-time homebuyers programs. They will pay your down payment for you. And once you get that property, that's, three years later, you've got your equity. You can borrow from it to put your dream in place. And also, the other programs, I know you've got, what, in my neighborhood, Marshall Heights Development Center, they had a program in place for people who wanted to start their own businesses. You had to go to the class, at the end of the class they will match whatever monies you put in. If you put in a thousand dollars, they kicked in maybe a couple thousand more . . . They had a program in place last year for entrepreneurship and they would have banks come in, providing finance. They would listen to your business plan. They would tell you one-on-one if they were going to give you the money. If they didn't give you the money, what you were missing to get the money . . .

My mom, she just is in the same process that you guys are in and she went down to SBA, I think it's the Small Business Association, in DC, and they will help you write your business plan. You can go in and discuss it. They will give you full layout of what the business plan should look like, they will make changes and corrections. They kind of want you to put your own input but they will correct it for you. They will find you loans, they will give you training, they will send e-mails on

when they will have like different workshops and trainings, so, it's a lot of information out here, you just have to be willing to really research it . . .

One Trinity participant mentioned angel investors as a possible way to fund a small business:

Well the different programs, what you want to do is get on the Internet, you should also look under Angels because on the Internet under Angels they have investors. All they want from you is your business plan, and once they get your business plan, then they tell you if they want to give you their money, because they've got deep pockets. Just to sell your plan. And some of the times, what they want is, they want to own, they'll be a silent partner. They'll give you the money, you run the show. All they want from you is a check at the end of the month. You'll never see them. So, it's a choice, do you want to do that, and then later on you can buy them out and then it's all yours. So, the thing to do is to not give up, to get out there, do what she said, make your connections. There's somebody out there . . .

Others mentioned that organizations offering training and technical assistance activities during regular business hours create additional burdens for women who must work during those hours. Many participants said that their dual household and economic responsibilities make it difficult to spend time to research and access available resources. Low-income single mothers may not have the time and skills to locate various resources available in the community:

www.washingtondc.gov It's just that you are going to have to take off work to go to these free workshops in order to do that. For the government does do that. And I think it's the small business administration also has that too. That's how you're going to have to take off and sacrifice losing that whole day's worth of pay in order to—because I don't know about you all but . . . I'm a single parent now and I mean, I have to take off and so I don't have any. So sometimes I have to tell my children, mother's paycheck going to be short because—so that's a sacrifice you are going to have to make in order to get these free programs and they do have, they have grant writing programs, but everything is during the day.

Unfamiliarity with procedures to develop business plans or to apply for grants and other services also discouraged participation:

I have been to the Department of Community and Economic Development Corporation, Prince George's County, and they, they are just like a bank. You have to bring in a well-planned business plan . . .

You know, and there are some different types of providers, the population that you'll be serving, if you have to learn the financial part. Like how to do fee-for-services and how, if your partner was government agencies, you got to know what forms to fill out to get the money—the big, big picture . . .

I've grown weary of people saying, it's stuff for you out there. Because like even when I had to do it, you know, you get to those organizations, oh, you have to have a relationship in order to get anything . . .

You hear about organizations that want to help with minority businesses or that you can get a loan because you are a female minority starting a business but unless you really put yourself out there to do the homework, you may hear about

it, but I don't know any specific names of nonprofits or businesses or agencies that do it, but I know that they're out there. And depending, really, on your business, you may not need a lot of start-up money. But you really have to just kind of network, which I why I'm here, hoping to hear something like that, to hear a name of someone that can help if you talk to people who start their own businesses, they may know someone that can write a business plan for you. They may be able to do it for you or help you or walk you through it. At the church, I write proposals and grants. So, I, just from being a secretary, know how to get it started and where to go and know that there's money out there. You just have to really do your homework and, like I said, if it's your passion and you really decide that you want to do it, you just got to go for it . . . So, you've kind of just got to ask around and talk and, I saw the flyer for this and I said yeah, let me see what this about. Maybe I could get some info . . .

One Trinity participant explained how being sexually harassed by staff of an assistance organization deterred her from accepting their funding to start her own business:

██████████ offered us a class for members to start your own business and I took the class—it was free—it was like Monday nights, every Monday for four weeks. So, you find out through actually getting on the Internet, you're on there anyway, and taking in your eight hours, and seriously, when you're at work, you can get so much done . . . I actually had the people that walked me through a lot, gave me a lot of information, took me through a lot of the different pros and cons of what I had to do to own my own group home, but, the discouraging part, like I said, when it came down to the finance part and who was really going to stick with you and sabotaged, behind me, is the fear, you know. And then there's, now that you're in this predicament of what you want to do, it's now, what are you going to do for me? And me being a young black woman, and, and a lot of them, whether you know it or not, are men. They own a lot of these buildings and stuff, and you know, I'm like, what you mean what am I going to do for you? So I backed out of a lot of things because of the impression they were giving me. And when it came down to how much money I had to have, and actually you don't have to go through banks, you can get it through this way, and we can fund this, and fund that, and then you're left there trying to figure out, OK, now how am I going to give all these people their service back? And coming up with your own plans—that's what the fear is for me. I don't want to be left in the predicament where you're knocking on my front door, saying, I'm going to take your kids and everybody else unless you provide my building, or my money. That was my fear . . .

One woman from Ward 8 complained about excessive prerequisites and the degrading treatment she had experienced from the staff of an assistance organization when she had tried to buy a subsidized apartment unit. The application required her to submit tax returns for the past ten years:

Well, first of all, one of them, when I went into the four-unit apartment building, I could get the minority money. I had to live in my unit for five years and I couldn't—I mean, there are so many different stipulations to what has to happen with their money. You can't make but a certain amount of money. I had to get my tax records for ten years. That's too much stuff to go through! For that . . . And you walked in there and the worker got the eye on you and then they start asking you a lot of questions, and then the underlying body language is like, hmm. 'There go another one.' Yeah, that's very intrusive and offensive to your pride,

so—yeah, ten years of tax records? They told us we can destroy it after seven years and you said ten years . . .

Participants also reported that they had experienced obstacles in qualifying for programs with highly prescriptive requirements:

Or it may not be in the field they are offering the grants or the loans for. Like they'll have grants, and you have to cater a service that works towards the elderly, or children and families, or children from six to fifteen . . .

And what's right here at, on King Avenue, in the left, on the right-hand side . . . The Arc and it's a business bureau. But it's a minority business bureau . . . If you start up a business in Ward 8, for instance, they'll give you some money if you go to one of the area banks or whatever, if you wanted to start something in the neighborhood. That's a source. And you get collaborative money . . . If you open up a business in what they consider a high-poverty area and you go to, say, for instance, SunTrust is in my area. SunTrust will give you so much and then you'll get some money under the federal government for that business, as long as you're going to stay within their guidelines. And, hire within that Ward. There are so many different restrictions, you can just carry them around all day . . . You know, it has to be something that's in the community, giving back to the community, and all of that . . . All places do. All scholarships do. You've got to do your proposal. They'll come in and send their people to do their audit. I was saying, getting the money isn't necessarily the problem . . . are you willing to follow the rules? If you're one of those people who isn't willing to follow the rules, by the letter, to the 'T,' yeah, you're going to have a problem. But if you can play the game and work around the system, you'll be all right.

A few participants appeared to possess the necessary social and technical skills to successfully take advantage of services offered by micro enterprise assistance organizations:

. . . [T]he Economic Development Corporation of Prince George's County not only forces you to have a plan and things like that but they also have a small business incubator where they help businesses get started, they help you write the business plan. You can even rent space in their building so that you have an address that's not your basement or your bedroom or something like that. So you actually have a Largo address by going to the Economic Development Corporation. They have funding to help you all with that. As one who has started a business, I had to go through the same thing to find money in order to get started. And Bank of America actually gave us money, it was NationsBank, I'm getting old. It was NationsBank when I started. And they said, go get your plan together. But that's good news, everybody, to have this plan. You talk about having fear. The plan helps you get over the fear. You know the old adage, "if you fail to plan, you planned to fail?" It's making sure that you connect the dots. Passion doesn't keep you in business, OK? Passion gets you started and it keeps you going mentally but you've got to have the money, you have to have the grant writing skills, the business know-how, all of that. And the purpose of the business plan is to help you figure out what you do have, and what you don't have, and where to get what you don't have. You don't want to be a start-up. Has anybody ever heard of Famous Amos's story? How many times did he fail? He failed like a hundred times starting businesses before he finally got that cookie recipe to really work. But he kept on trying over and over again . . . That's why you need to have a plan, be able to articulate that plan. We own this

building and I don't know anything about real estate or construction and these are four condos. And government agencies helped me write the whole process. They got me architects, they got the whole nine yards to do all the build-out and helped me find the money where I could purchase this and build it up. So it's about building relationships, it's about knowing where to go, when to go, how to go, and being able to articulate your vision. Versus saying "I bake cookies and they're good." (Laughter) A lot of people bake cookies that are good, you know what I mean? So, and I heard you all talking about the daycare and it's critical to have passion for the kids and all that, but where are the kids? You know what I mean? Like, I happen to know Greenbelt has a shortage of childcare but you need to know, what communities I go in, in order to help people and help myself as an entrepreneur. We've got to have the big picture . . .

Others, however, lacked the skills and know-how necessary to use the available resources to their best advantage and to be able to separate genuine opportunities from scams. These women encountered obstacles when trying to perform research on their own to find assistance in launching micro enterprises. For example, one Ward 8 focus group participant sent a follow-up e-mail to the group and to us providing several website addresses she had construed as helpful. Project researchers visited the six URLs she had provided in order to determine their efficacy as well as whether they were appropriate for inclusion in the directory of Metro DC-Area micro enterprise development and assistance programs we were developing concurrently. It was immediately apparent to us that each of these six websites, although they may appear to be legitimate to less-informed web users, were in fact illegitimate websites. The first three were created solely for the purpose of generating Google AdSense revenue for the website creators. The fourth and fifth URL provided directed to the same site which was an advertisement for information on how to start your own business with "no-money-down" and the sixth site holds expired URLs hostage while simultaneously attempting to place dangerous spyware on a user's computer.

PART FOUR CONCLUSIONS AND IMPLICATIONS

The relatively simple, key finding of this report is that low-income single mothers *do* want to get out of their dead-end, low-wage jobs and go into business for themselves. None of the women in this study held out hope of finding a job in the labor market that would give her the flexibility to meet her dual household and economic responsibilities. As one self-employed participant explained, she chose self-employment over more lucrative wage employment because of the lack of affordable child care and out of concern for her children's safety:

Because, see, I used to work at [REDACTED] and I was sending my kids to the daycare center and everything. But then the money got kind of—I had to do a lot of OT time in order just to pay the daycare . . . But then I stopped doing that because I had to end up leaving that job because I couldn't keep taking off, getting the kids. Then I started delivering auto parts, used to work for [REDACTED] Auto Parts. What really got me into doing daycare is one day, my kids came home from school and they just had to sit there because I got off work at four o'clock and I was just on the back road. They had that, remember we had that tornado come through here? I watched this tornado come down going towards my house and it was a leaper but it dropped down in front of us off [REDACTED] Road and all they could—they're holding me from trying—I'm trying to get home because my kids are in that house by themselves . . . So, just think, if it would have just came down, it would have come down to my kids and been in the house by themselves.

In addition to providing flexibility, opening her own daycare saved her childcare and transportation costs, but she later complained about the high cost of healthcare.

Participants' desires for starting their own businesses were based on their assessments of their opportunities in the labor market as well as their family responsibilities and their present and future goals for their families. They believed that owning a small business would allow them to build assets for their families, improve their income, and be their own bosses—in control rather than subordinate to others. They believed that their children would learn self-sufficiency and that they would be better role models if they were in charge of their own lives. Given these positive monetary and non-monetary expected outcomes, it is understandable why they envision self-employment as their best option. However, as low-income single mothers, they were simultaneously resource-disadvantaged. Our findings indicate that the barriers these women face fall into five general categories:

- *Lack of access to assets and credit;*
- *Lack of access to business and management training;*
- *Lack of access to social and business networks;*
- *Lack of access to affordable childcare; and,*

- *Lack of access to information about available resources.*

Fortunately, there is a natural link between the Washington Area Women's Foundation's funding priorities and program concerns and the obstacles that these women face in achieving their dreams of self-employment. The kinds of policies and programs the Foundation has a history of supporting are the kinds of programs these women need. The Foundation's goal of developing economic self-sufficiency among women-headed households in the Metropolitan Washington, DC Area through increasing asset ownership and wealth and through increasing access to education, training, financial literacy, affordable childcare and healthcare, could remove barriers to self-employment among this population. For example, programs that promote Individual Savings Accounts can generate working capital and improve these women's credit statuses and enhance their abilities to borrow money in the future. Programs that assist first-time homebuyers can help them build assets they can later use as collateral to launch their own small businesses. Supporting nonprofit credit counseling organizations that target low-income women could help them to rehabilitate their credit. These strategies, and others like them, increase low-income women's access to critical resources supporting their desires for self-employment.

While the Foundation's general policies support programs that reduce barriers to business ownership for women-headed households, with the launching of the Trinity University-created micro enterprise development organization directory, the Foundation can provide concrete information designed to assist a larger number of potential women entrepreneurs. In addition to the directory, the Foundation could consider developing a comprehensive website to serve as a gateway, or portal, to the multidimensional financial, training, and technical assistance opportunities already in existence in the DC area. Many of the women we interviewed suggested that establishing professional networking opportunities—a supportive community of peers—would be helpful both professionally and personally. As part of the suggested web portal, the Foundation could consider establishing a welcoming, positive, inclusive, supportive, easy-to-use online community which potential women entrepreneurs could join, specifically using a lightly moderated web board model.

The Foundation also could consider developing and supporting strategic alliances with MDOs in the Washington, DC Metro Region. Nationally and locally, MDOs generally serve the same target population as the Foundation: women, minorities and low-income individuals (Edgcomb and Klein, 2005, pp. 31-33). The under-representation of disadvantaged workers, low-income women, and people of color among the self-employed have prompted many micro enterprise development programs to target this population (Sherraden *et al.*, 2004).

The Foundation could encourage local MDOs to support policies and procedures that are particularly compatible with the needs of low-income single mothers. Local MDOS offer a variety of resources such as micro loans, business and management training, technical assistance, Individual Savings Accounts, mentoring, and social support networks.

An exploratory assessment by Trinity adult students last semester of services and procedures of six local MDOs that provide micro loans and other services indicated that the same barriers that exclude low-income women from accessing traditional financial institutions also may prevent them from accessing MDOs' resources. For example, some MDOs use standard credit reports and credit scores and require collateral to determine eligibility for participation. None offered on-site childcare. The required training time, classroom delivery format and inaccessibility of locations can act as major deterrents to many working mothers attempting to participate in available programs. As many participants reported, single mothers often cannot forgo the earnings and time lost while attending formal classes. None of the six MDOs offered computer-based access to their resources.

SUGGESTIONS FOR FUTURE RESEARCH

While this study identifies barriers to self-employment among low-income single mothers in DC, it also raises a new question about the relative accessibility of existing MDOs' resources to this population. We believe that there is a need to assess local MDOs services in the Trinity University-developed MDO directory to identify programs and procedures that support or prevent a single mother's access to their resources. We need to assess whether local MDOs have the appropriate policies and structures in place to serve single mothers. By developing an *institutional* barrier profile of local MDOs, the Foundation can support and encourage the development of self-employment programs and services that can be tailored specifically to single mothers aspiring to start their own small businesses.

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ENDNOTES

ⁱ Associate Professor of Sociology and Faculty Director, Trinity University Office of Service-Learning and Community-Based Learning and Research

ⁱⁱ The Association for Enterprise Opportunity defines micro enterprise as a business with five or fewer employees requiring \$35,000 or less in start-up capital.

ⁱⁱⁱ Low-income, women-headed families (<http://thewomensfoundation.org/join-us/become-a-grantee-partner/funding-opportunities/#stepping>)

^{iv} Based on principles created by members of the Community-Based Learning and Research (CoRAL) Network, especially Georgetown University's Center for Social Justice Research, Teaching & Service and Trinity University's Office of Service-Learning and Community-Based Learning and Research

^v One participant misunderstood this requirement and self-reported as being married. We felt that having one married participant would not significantly skew our results and preferred to validate her desire to participate rather than to turn her away at the last minute.

^{vi} We were intentionally cognizant of and sensitive to the special needs and circumstances of the population used in our study. Our site placement criteria for the three focus group locations in the Washington, DC Greater Metropolitan Area focused on finding locations that were physically convenient, both car- and Metro-accessible, and that were located in areas where our study's target population was most likely to work, study or live. Invitations were issued to potential participants for all three groups via e-mail.

^{vii} One participant elected not to submit responses to demographic or other questions and only participated in verbal discussions.

^{viii} We explained that everything each participant wrote and said would only be used confidentially: all demographic data would be aggregated and participants' names would only appear on the University-required stipend reimbursement form each completed in order to receive her cash stipend which would be filed with the University business office and shared with no other individual or entity. We explained that we were electronically audio recording each session and that each recording later would be transcribed to text. We assured participants that the original recordings would remain private and would only be accessible to the researchers present with them in the room (out of fairness to all students, those who opted not to attend a particular focus group session were not permitted to listen to the focus group recording at a later date) and that individual names as well as other specific, identifying data such as employer names, children's names and anything else that could potentially identify them would be redacted from the final written transcription. We also took photographs of participants during the focus groups. Again, we specifically explained to participants that no identifying information would accompany these photographs and that narrative transcriptions could not be matched against participant names or other information. We further honored one participant's request that her photograph not be taken.

^{ix} It is useful to point out that the HUMR 301 students were all women; two white and the rest of color; a range of ages from traditional to older, returning; full- and part-time students; and, most came from backgrounds consistent with focus group participants. In the case of the Trinity University focus group, HUMR 301 students generally did not know the focus group participants. We deliberately announced to focus group participants that this research discussion was confidential and that they were encouraged to speak freely, with HUMR 301 students having pledged to treat all information gained in the discussions as private, confidential, and not repeatable outside of classroom discussions.

^{xi} All participant quotes have been edited for clarity.

^{xii} Participants interested in joining an online support group were invited to provide us with their e-mail addresses, and, after creating the Group, we issued a general invitation to all participants for whom we had e-mail contact information. At the end of the Trinity focus group, participants requested that we share the micro enterprise-related information with them which we had collected under a different subsection of this grant (the DC-Area MDO Directory); we used the TrinityMicro Yahoo! Group to disseminate this information to focus group attendees and we followed this up with a broadcast e-mail to all participants in order to be inclusive of participants who opted not to join the Yahoo! Group. We invited Focus Group Two and Three participants to join this group as well, issuing invitations to any participants who opted to provide us with e-mail addresses. We also issued broadcast e-mails to all focus group participants to disseminate this information. We chose the Yahoo! Group model because it required little in the way of set-up and launching, it is free for moderators and users to join and participate, and it offers a wide variety of features and broad usage flexibility. However, the Yahoo! Groups model also lacks intuitive navigation capabilities, presenting difficulties of use for unsophisticated web users. Although the Yahoo! Group experiment has been a failure, we believe the original participant suggestion regarding online peer support and collaboration to be a very good one and should succeed if created using a different model of interactivity.

***WORKING HARDER, WORKING SMARTER,
WORKING FOR SELF AND FAMILY
WHILE HELPING OTHERS:***

**HELPING LOW-INCOME WOMEN ACHIEVE
THE GREAT AMERICAN DREAM
THROUGH SELF-EMPLOYMENT**

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Appendix 1

Anonymous Demographic Survey

Anonymous Demographic Survey for Focus Group Participants
DO NOT WRITE YOUR NAME ON THIS SURVEY

What is your race/ethnicity? Please color in the circle completely next to your answer.

- Black/African American
- Hispanic/Latino
- White/Caucasian
- American Indian/Alaska Native
- Asian/Pacific Islander
- Mixed
- Other: _____

What is your age?

_____ years

What is your highest level of educational attainment? Please color in the circle completely next to your answer.

- Less Than High School
- Some High School
- High School Graduate/GED
- Some College
- Associate's Degree or Professional/Trade School Certificate
- Bachelor's Degree
- Some Graduate School
- Graduate Degree

What is your marital status? Please color in the circle completely next to your answer.

- Married
- Living With Domestic Partner
- Separated
- Divorced
- Windowed
- Single, Never Married

How many adults over the age of 18 live in your household? Please fill in the blank.

How many children under the age of 18 live in your household? Please fill in the blank.

How many children do you have? Please fill in the blank.

How many of these children live with you? Please fill in the blank.

Which best describes your current income? Please color in the circle completely next to your answer.

- Less than \$10,000 per year
- \$10,000 to \$20,000 per year
- \$20,000 to \$30,000 per year
- \$30,000 to \$40,000 per year

What is your current employment status? Please color in the circle completely next to your answer.

- Unemployed
- Employed part-time (less than 35 hours per week) outside my home
- Employed full-time (more than 35 hours per week) outside my home
- Self-employed full time
- Employed full-time (more than 35 hours per week) outside my home and self-employed part time

Does your job outside of your home provide you with enough money to make ends meet? Please color in the circle completely next to your answer.

- Yes
- No

Do you own your own home? Please color in the circle completely next to your answer.

- Yes
- No

Do you receive any of the following benefits? Please color in the circle completely next to your answer.

- TANF
- WIC
- EBT/Foodstamps
- Section 8 Housing
- Social Security Benefits
- Disability (SSI, SSDI, etc.)
- Other benefits (please describe) _____
- None

Do you have a checking account?

- Yes
- No

Do you have a savings account?

- Yes

No

Have you ever taken out a loan from a bank (such as a home mortgage, mortgage equity, line of credit or auto loan, for example)?

Yes

No

Have you ever seen your own credit report or do you know your exact credit score?

Yes

No

How would you describe your creditworthiness? (If you do not know your exact credit score but you have a good idea of what it should be, go ahead and answer with your best guess.)

I have an excellent credit rating.

I have a good credit rating.

I have an average credit rating.

I have a bad credit rating.

I do not have a credit rating (I have never opened a credit card account, bought a car or rented an apartment).

I do not know my credit rating.

Appendix 2
Goals and Obstacles Survey

My Goals For Owning My Own Business
DO NOT WRITE YOUR NAME ON THIS DOCUMENT

SIDE ONE

Please place an **X** beside each statement you strongly agree with.

1. ____ I will never be interested in self-employment or owning my own small business.
2. ____ Owning my own business allows or might someday allow me to work for myself rather than others.
3. ____ Owning my own business allows or might someday allow me to increase my family's income.
4. ____ Owning my own business provides or might someday provide me with the flexibility to take care of family members
5. ____ Owning my own business allows or might someday allow me to be a role model for my children.
6. ____ Owning my own business gives or might someday give me a sense of pride and self-fulfillment.
7. ____ Owning my own business makes or might someday make me feel in control of my work environment.
8. ____ Owning my own business allows or might someday allow me to build assets and wealth for my family.
9. ____ Owning my own business allows or might someday allow me to stay in a community despite the lack of employment opportunities outside my home.
10. ____ Owning my own business allows or might someday allow me to serve my community by providing a much needed service.
11. ____ Owning my own business allows or might someday allow me to avoid unemployment.
12. ____ Owning my own business allows or might someday allow me to avoid low wages.
13. ____ Owning my own business allows or might someday allow me to avoid negative work experiences in regular wage employment such as problems with co-workers, managers, and work environment.
14. ____ Owning my own business allows or might someday allow me to avoid being discriminated against just because I am a woman.
15. ____ Owning my own business allows or might someday allow me to avoid being discriminated against because of the color of my skin.
16. ____ Owning my own business allows or might someday allow me to avoid being discriminated against because of my age.
17. ____ Are there any other important reasons that you might want to own your own business that we haven't asked here? What are they? _____

Of the choices above, which do you feel are the **four** most important? Write down the numbers of those statements below:

My Opinions on Self-Employment

SIDE TWO

Please place an **X** beside each item you feel might prevent you from starting your own small business.

1. ____ I don't have access to investment money.
 2. ____ I don't have enough time.
 3. ____ I have health issues which might make it hard for me to own my own business.
 4. ____ I have too many family responsibilities.
 5. ____ I'm not sure I have what it takes emotionally to own my own business.
 6. ____ I don't have the training and business skills I would need to own my own business.
 7. ____ I don't have a strong credit history.
 8. ____ I don't have health insurance or I would lose my current health insurance if I quit my job outside the house.
 9. ____ I don't own any property or have any other assets.
 10. ____ I would lose my government benefits.
 11. ____ I don't know how to start or run my own business.
 12. ____ I don't know anyone (or enough people) who can help me with my business.
 13. ____ Are there any other important reasons that you might not be able to start or run your own business that we haven't asked here? What are they? _____
-

Of the choices above, which do you feel are the **four** most important? Write down the numbers of those statements below:

Appendix 3

Focus Group Narrative Survey Script

WWF Focus Group

Trinity University – O'Connor Auditorium

November 6, 2006

Good evening. I am Dr. Roxana Moayed and I am a Professor of Sociology here at Trinity University. I would like to welcome you to tonight's focus group on women's self-employment.

First, I would like to thank all of you for coming tonight. Your participation in our focus group is a critical part of a much larger research project we are doing this fall.

Also, thank you for completing the questionnaire you were given when you came in. Your identity will remain secret and your answers will remain anonymous as you may have noted there was not a space for your name on the sheet. We will be taking notes of tonight's discussion without reference to your names and we will be recording as well. It's OK to say your name or another person's name aloud because we will delete those names from our study when we transcribe tonight's recording. When we are writing down

everything recorded tonight, if you say, “My name is Mary and I have 3 children” we will change that to “My name is ‘Participant’ and I have 3 children.”

You have received a handout from us tonight explaining how we will assure your privacy in our research. If you have any questions about your privacy in this study, please e-mail me. My e-mail address is on the sheet you received about this.

The Washington Area Women’s Foundation has awarded Trinity University a grant to look at the opportunities and challenges that women heads-of-households face when they consider self-employment. Based on what we learn from the focus groups, we will provide recommendations to the Foundation that we feel will promote small business ownership among single mothers earning less than \$35,000 in the DC Metro Area. We are defining a small business as one employing 1 to 5 persons.

Before we begin tonight I would like to emphasize 3 things:

First, both the questionnaires and our conversations are confidential and anonymous. We will not use your names and will not keep track of who says what. Second, I would like to emphasize that this is not a test and there are no right or wrong answers.

Everyone's opinion is important and valuable and we are really interested in hear from each of you. Tonight is not a time for you to sit quietly! Finally, please remember that you do not need to be self-employed or even be interested in becoming self employed to participate in this focus group. We are just as interested in your answers and opinions if you are NOT interested in starting your own business as we are if you ARE interested.

Does anyone have any questions so far? Then let's begin. First, let's go around the room and have everyone introduce herself by giving us your first name and how many children you have, if any?

Thank you. Tonight I am going to be asking this group a series of questions, and when I do, if you have an answer for the question, please raise your hand. These are not going to be right-and-wrong questions, but mostly yes-and-no questions. If your answer is yes, or

if you have an opinion about something, please raise your hand when I ask a question.

Focus Group Questions

Our first question tonight is, do you have a job outside of your home?

If yes, what do you do?

Do you work full-time or part-time at this job?

Do you have more than one job?

In addition to your job have you ever participated in other activities on the side to increase your family's income? For example, being paid for babysitting, doing hair, cleaning, cooking or catering, arts and crafts, tax preparation, tutoring?

Are any of you who are NOT employed doing any of these activities on the side to increase your family's income?

Do any of you own your own small business? Do you have a business license and pay taxes?

How much of your time each week do you estimate that you spend on these activities in order to supplement your family's income?

If you don't have a small business now, have you ever thought about starting your own business?

Have you ever had an idea that you thought could make some money?

Would you ever consider keeping your current job and starting a small business on the side?

Would you ever consider quitting your current job to run a small business full-time?

This question is for those of you who currently own your own business or who plan to own one in future: please tell us why you have chosen and what you would like to achieve by owning your own business?

Now we are going to pass out a sheet with some statements for you to think about if you own, or if you would like to own your own business someday.

PASS AROUND THE HANDOUT.

Do not write your name on your handout. Please turn to Side One. Is everyone looking at side one? OK, please read the 17 numbered statements on that sheet and place an X beside any statement you strongly agree with. Then, after you have read all the statements and made Xs by those that you agree with, please write the numbers of the top four statements you agree with at the bottom of the sheet. These should be the four statements that are most important to you personally. For example, if you feel the most strongly about statements 2, 4, 6, and 8, then you should write those numbers at the bottom of your sheet. Does anyone have any questions?

PAUSE AND WAIT FOR PARTICIPANTS TO COMPLETE.

WHEN THEY ARE FINISHED, HAVE EACH PARTICIPANT
CHOOSE THEIR TOP FOUR REASONS AND THEN ASK THEM TO
SHARE THEM WITH THE GROUP.

MAKE A LIST OF TOP 4 REASONS IN THE FILIP CHART.

Okay let's list your top 4 reasons on the flip charts.

Please turn your handout over. We are now going to focus on side two, which is about the obstacles to owning your own business. Just like side one, I want you to read the 13 statements listed there and place an X by the statements you feel the most strongly about, then choose the four statements that are the most important to you personally and write those at the bottom of your sheet. Any questions?

PAUSE AND WAIT FOR PARTICIPANTS TO COMPLETE THEIR
RESPONSES.

MAKE A LIST OF TOP 4 OBSTACLES ON THE FILIP CHART.

Okay let's list everyone's top four obstacles on the flip charts.

Now we just have a few more questions for the group.

By a show of hands, do any of you have a bank account, like a checking or savings account, at a bank or credit union?

Do any of you use check cashing or payday loan businesses, like Check'N'Go, instead of a regular bank?

Do any of you use check cashing or payday loan businesses, like Check'N'Go, in addition to banking at a regular bank?

Have you ever applied for a loan from a bank, like a home mortgage or a car loan? If yes, what kind of loans?

If you do have your own business, have you ever considered borrowing money from a financial institution to expand your business?

(Reasons: Lack of assets and equity, poor credit history)

If you started your own business, who or what would be there to support you?

(Probe-Examples of real supports by family and friends including financial, business advise, help with buying, selling, planning, transportation and deliveries, referral, cleaning and maintenance Family and friends also provide emotional support.)

And finally, do you know about any other organizations besides banks or credit unions that might assist you in starting your own business?

If yes, what is the name of the organization? How did you learn about this organization?

Have you considered contacting them to learn about their programs and services? Why or why not?

We appreciate you taking time in your busy schedule to give us your opinions on this important issue for women in the DC metro area.

Please see _____(name) when you leave to receive your cash reimbursement. Also we will have a list of resources here in the DC metro area with self employment information and assistance later next month.

Again, thank you for giving us your opinions today. Let's give ourselves a round of applause!

Appendix 4
Aggregate Information on Goals

Focus Group Participants Top Four Goals for Self-Employment

Goal	Focus Group One	Focus Group Two	Focus Group Three	All
<i>Owning my own business allows or might someday allow me to build assets and wealth for my family.</i>	60%	70%	73.3%	69%
<i>Owning my own business allows or might someday allow me to increase my family's income.</i>	30%	70%	60%	54%
<i>Owning my own business allows or might someday allow me to be a role model for my children.</i>	20%	60%	60%	49%
<i>Owning my own business allows or might someday allow me to serve my community by providing a much needed service.</i>	30%	40%	0	40%
<i>Owning my own business provides or might someday provide me with the flexibility to take care of family members.</i>	40%	50%	33.3%	40%
<i>Owning my own business allows or might someday allow me to avoid unemployment.</i>	20%	10%	46.6%	29%
<i>Owning my own business allows or might someday allow me to avoid being discriminated against because of the color of my skin.</i>	30%	0	0	9%

Goal	Focus Group One		Focus Group Two		Focus Group Three		All	
<i>Owning my own business allows or might someday allow me to build assets and wealth for my family.</i>	60%	6	70%	7	73.3%	11	69%	24
<i>Owning my own business allows or might someday allow me to increase my family's income.</i>	30%	3	70%	7	60%	9	54%	19
<i>Owning my own business allows or might someday allow me to be a role model for my children.</i>	20%	2	60%	6	60%	9	49%	17
<i>Owning my own business allows or might someday allow me to serve my community by providing a much needed service.</i>	30%	3	40%	4	0	0	40%	14
<i>Owning my own business provides or might someday provide me with the flexibility to take care of family members.</i>	40%	4	50%	5	33.3%	5	40%	14
<i>Owning my own business allows or might someday allow me to avoid unemployment.</i>	20%	2	10%	1	46.6%	7	29%	10
<i>Owning my own business allows or might someday allow me to avoid being discriminated against because of the color of my skin.</i>	30%	3	0	0	0	0	9%	3

Statement	Agreed	Top Four
Goal 1 I will never be interested in self-employment or owning my own small business.	0	0
Goal 2 Owning my own business allows or might someday allow me to work for myself rather than others.	83%	43%
Goal 3 Owning my own business allows or might someday allow me to increase my family's income.	91%	80%
Goal 4 Owning my own business provides or might someday provide me with the flexibility to take care of family members.	80%	54%
Goal 5 Owning my own business allows or might someday allow me to be a role model for my children.	77%	74%
Goal 6 Owning my own business gives or might someday give me a sense of pride and self-fulfillment.	57%	31%
Goal 7 Owning my own business makes or might someday make me feel in control of my work environment.	57%	29%
Goal 8 Owning my own business allows or might someday allow me to build assets and wealth for my family.	86%	100%
Goal 9 Owning my own business allows or might someday allow me to stay in a community despite the lack of employment opportunities outside my home.	49%	6%
Goal 10 Owning my own business allows or might someday allow me to serve my community by providing a much needed service.	66%	60%
Goal 11 Owning my own business allows or might someday allow me to avoid unemployment.	60%	9%
Goal 12 Owning my own business allows or might someday allow me to avoid low wages.	43%	20%
Goal 13 Owning my own business allows or might someday allow me to avoid negative work experiences in regular wage employment such as problems with co-workers, managers, and work environment.	37%	23%
Goal 14 Owning my own business allows or might someday allow me to avoid being discriminated against just because I am a woman.	43%	3%
Goal 15 Owning my own business allows or might someday allow me to avoid being discriminated against because of the color of my skin	40%	9%
Goal 16 Owning my own business allows or might someday allow me to avoid being discriminated against because of my age.	34%	11%
Goal 17 Are there any other important reasons that you might want to own your own business that we haven't asked here? What are they?	40%	14%
Participant did not respond	3%	3%

Appendix 5

Aggregate Information on Obstacles

Focus Group Participants Top Four Obstacles to Self-Employment

Obstacle	Focus Group One	Focus Group Two	Focus Group Three	All
<i>Owning my own business allows or might someday allow me to build assets and wealth for my family.</i>	60%	70%	73.3%	69%
<i>Owning my own business allows or might someday allow me to increase my family's income.</i>	30%	70%	60%	54%
<i>Owning my own business allows or might someday allow me to be a role model for my children.</i>	20%	60%	60%	49%
<i>Owning my own business allows or might someday allow me to serve my community by providing a much needed service.</i>	30%	40%	0	40%
<i>Owning my own business provides or might someday provide me with the flexibility to take care of family members.</i>	40%	50%	33.3%	40%
<i>Owning my own business allows or might someday allow me to avoid unemployment.</i>	20%	10%	46.6%	29%
<i>Owning my own business allows or might someday allow me to avoid being discriminated against because of the color of my skin.</i>	30%	0	0	9%

Obstacle	Focus Group One		Focus Group Two		Focus Group Three		All	
<i>I don't have access to investment money.</i>	70%	7	70%	7	66.6%	10	70%	24
<i>I don't have a strong credit history.</i>	30%	3	50%	5	46.6%	7	44%	15
<i>I don't know how to start or run my own business.</i>	40%	4	40%	4	33.3%	5	38%	13
<i>I don't own any property or have any other assets.</i>	60%	6	40%	4	13%	1	32%	11
<i>I don't have the training and business skills I would need to own my own business.</i>	20%	2	30%	3	33.3%	5	29%	10
<i>I don't have enough time.</i>	10%	1	60%	6	13%	1	24%	8
<i>I don't know anyone (or enough people) who can help me with my business.</i>	30%	3	30%	3	0	0	17%	6

Statement	Agreed	Top Four
Obstacle 1 I don't have access to investment money	74%	71%
Obstacle 2 I don't have enough time.	43%	26%
Obstacle 3 I have health issues which might make it hard for me to own my own business.	0	0
Obstacle 4 I have too many family responsibilities.	31%	17%
Obstacle 5 I'm not sure I have what it takes emotionally to own my own business.	17%	12%
Obstacle 6 I don't have the training and business skills I would need to own my own business.	40%	29%
Obstacle 7 I don't have a strong credit history.	60%	43%
Obstacle 8 I don't have health insurance or I would lose my current health insurance if I quit my job outside the house.	23%	17%
Obstacle 9 I don't own any property or have any other assets.	46%	37%
Obstacle 10 I would lose my government benefits.	0	0
Obstacle 11 I don't know how to start or run my own business.	40%	37%
Obstacle 12 I don't know anyone (or enough people) who can help me with my business.	23%	17%
Obstacle 13 Are there any other important reasons that you might not be able to start or run your own business that we haven't asked here? What are they?	23%	9%
Participant did not respond	3%	3%