

Micro-enterprise Development

Micro-enterprise development (MED) includes a wide array of programs designed to facilitate business startups and growth. MED programs often involve educating clients in entrepreneurship and business management principles, as well as provision of consulting or advisory services. Some MED programs may also assist in providing financing for the new business, although micro-lending is generally regarded as separate services and even those organizations that offer both services tend to separate them.

Micro-enterprise development is directed at encouraging the inception of very small businesses, most of which have only one owner/employee. Just as there is a shortage of medical expertise in less developed countries there is a lack of experienced business people who might serve as examples, mentors, and consultants. Very often, there are also significant barriers between those with those with expertise and education who might otherwise serve as mentors to those on the lower rungs of the economic and social ladder. Micro-enterprise development ministry seeks to fill this void. By training and mentoring according to biblical principles of business management, Christian MED organizations have as a primary goal to transform the person into God's image, to teach the person how to live, not just how to make a living.

To many people, the phrase "economic development" brings to mind sweeping government programs, large-scale industry, and impressive public works projects, a top-down approach to prosperity. MED, on the other hand, is a grassroots approach that starts focuses on those with the greatest need. Until recent decades, many Westerners believed that economic success was achieved by getting a good, secure job which one would hold into comfortable retirement. Although globalization has undone many of the traditional expectations, many people in the U.S. continue to think of employment as the "normal" career path.

Less-developed economies do not provide the employment opportunities available in the industrialized world. As was the case in the West before industrialization, most production takes place on a very small scale, usually in homes. The ordinary worker must therefore serve as his or her own business manager, and must be competent in the various aspects of business operation to be successful. MED programs provide valuable, practical training in various forms, one of which is the "business resource center."

A mission might establish a business resource center in a given town or city that would provide ongoing advisory services to new and existing businesses in marketing and distribution, general and production management, accounting, and finance. Some resource centers serve to help identify and develop markets for goods and services, such as the establishment of a cooperative sales outlet or trading post. In this role, they assist producers in obtaining the best prices for their goods and advise producers on product selection and improvement. Another version, often used in connection with a local business resource center, assembles teams of experienced businesspeople from donor countries to make site visits. These groups provide an infusion of fresh ideas and insights

to the problems faced by local businesses and serve as mediators between the modern outside world and the local culture.

One expression of the business center approach is the “small business incubator.” Besides serving as an education center or school for business management, the business incubator provides other facilities for new businesses, such as kitchen facilities, commercial quality tools, workshop or warehousing, and even offices. For example, a woman who wants to bake cakes for sale may not have a reliable oven. She could schedule the use of the incubator’s kitchen only for the time required. The incubator might allow a new business to do so without charge for a few weeks, after which it would charge rent. As the business grows, it would eventually ‘graduate’ from the incubator to become self-supporting.

A Christian MED program would consciously seek to inculcate positive values in its clients as it trains aspiring entrepreneurs in the basics of business ownership and management. Many basic business concepts are instilled in people who grow up in a modern capitalistic economy that are foreign to the thinking of those who have grown up in a controlled or poorly developed economy. Examples include

1. the relationship between risk and reward;
2. the difference between the short-term and the long-term effects of a particular action;
3. economic notions such as those of opportunity cost, sunk cost, and incremental analysis;
4. the importance of planning for the future and of optimism about the future (the assumption of progress);
5. the value of competition; and
6. the relationship between quality, efficiency, and output.

A Christian MED program would consciously educate clients in Christian principles of business management. Business provides the context to demonstrate Christian attributes and ethical ideals such as

1. integrity, honesty, transparency, and personal responsibility;
2. the golden rule;
3. servant leadership;
4. respect for self and for others, even one’s competitors;
5. a strong work ethic and the pursuit of excellence.

People living in poverty desperately need this witness.

MED programs take various forms, and we have only briefly described the basic forms that can take. Please refer to the suggested reading list for materials that can provide more details on micro-enterprise development.