



Putting poverty on hold

Small businesses drive growth, even at the bottom of the pyramid.

Noodle shops around the outskirts of Iloilo City in the Philippines' Western Visayas region do brisk business as new housing subdivisions, financed by remittances from tens of thousands of overseas contract workers, mushroom across the landscape. It's the perfect site, says Celmar Palao, for a burger joint. Palao, a shy, domestic worker with a talent for cooking, left her rural home outside Iloilo for a job in Singapore 12 years ago. She planned little more than earning enough to support her young daughter and aging parents. Now, after completing a two-year programme at aidha, an award-winning, Singapore-based, micro-business school, she thinks long-term. "There are plenty of local food places in Iloilo's outskirts," she explains. "To start a successful business you need to do something different. Burgers are something I can make easily and sell fresh."

With a business plan in place, a shop lined up to rent and her daughter and niece ready to work, Palao, is preparing to open her own restaurant. Building capacity Aidha has helped some 500 domestic workers like Palao launch their own business and provided thousands more with the financial education to take control over their lives.

"I think it's well known that really every successful economy in the world is based on small business and that's what aidha's all about," the school's founder and director, Harvard-trained academic

Sarah Mavrinac told Knowledge on the sidelines of an INSEAD panel discussion on "Growing the Private Sector" in Abu Dhabi recently. "We're about building the small business capacity that will power the economy, not just of the family or the local community but of the country itself."

Despite referring to itself as a micro-business school, Mavrinac says aidha strives for more. "To my mind, micro-enterprise is about putting poverty on hold, putting food on the table. Aidha is about moving up the ladder from micro-enterprise to the sustainable small-business level, where a business looks to employ others, and grow - a level that really makes a difference." Taking the programme to the world Initially aimed at educating Singapore's female, migrant domestic workers, aidha - Sanskrit for 'that to which we aspire' - has aspirations of its own. Launched in Singapore in 2006, it's recently received initial approval to open in Dubai, and hopes to have the first class running there by the end of June. From Dubai, it plans to expand across the U.A.E., the Middle East and through the North African region. Opportunities are also seen in Hong Kong, China and the U.S.A., serving the Latino migrants around Los Angeles. "We have a programme now which does some tremendous work and I think it's ready to take out to the rest of the world," Mavrinac says. In the U.A.E. it plans to extend its services to the massive population of male migrant workers while in the North African

Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>

countries, the curriculum will have to be adjusted to suit the huge number of unemployed youth. “What makes the programme work very well in Singapore is the fact that individuals are employed and are able to save significant sums so they can invest in their own organisation and business launch with sums far greater than they could realise from a micro-enterprise loan. In North Africa, we are going to have to see how things work when we serve people who do not have a steady income. But all the research we’ve done so far suggests that this will fly.”

It all starts with savings

Saving is a strong part of the school’s curriculum. Students meet each month with their bank passbooks to show how much they have saved. Before joining aidha, Palao had been working in Singapore for eight years and saved nothing. Now she has bought a piece of land near her family village outside Iloilo, a small house on the outskirts of the city and has the capital to open her own small business. The programme, which also offers modules in leadership, computer technology and business studies, costs students US\$350 a year. “It is a lot for them,” Mavrinac concedes. “But there is something very important about buying a service. And we need to survive. We’re a social enterprise and we want to ensure we are building a sustainable programme that means we cannot rely exclusively on donations.” Volunteers Aidha relies on volunteers to act as tutors and mentors, with many former students, like Palao returning to help with administrative duties. “I owe so much to aidha,” says Palao. “When I first came to Singapore I didn’t have any dreams or think about doing anything with my money except to send it home to my family. While studying at aidha I realised I had talents. Now I’m going to open a burger cafe and one day ... a bigger restaurant.”

Find article at

<https://knowledge.insead.edu/responsibility/putting-poverty-on-hold-627>

Download the Knowledge app for free



Visit INSEAD Knowledge
<http://knowledge.insead.edu>