

LEAD

3 Ways to Fight Poverty With Entrepreneurship

The greatest myth about entrepreneurship is that it is only available to people who are already wealthy.

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There is a lot of discussion about [poverty in America](#). Solutions range from increased [taxes on the rich](#) to work requirements on welfare. It seems as if no one is arguing for one solution that's been top of mind for me lately: [entrepreneurship](#).

The many causes of poverty are complicated and the subject of much debate. Education is one factor. [Twenty-four percent](#) of people without a high school education are currently facing poverty, as opposed to 4 percent of people with a bachelor's degree. We also know that where you live [dictates](#) what schools you attend and the opportunities you experience, and that poverty is intergenerational. If your parents live in poverty, you too will likely live in poverty.

So why entrepreneurship?

If you went to the worst schools in any state, there is a smaller chance that you will attend college and receive a degree needed to secure a good salary in a traditional job. However, if you were to start a landscaping business, you could achieve a six-figure income while also creating wealth through business equity. In fact, a recent [survey](#) found that more than half of entrepreneurs have less than a four-year degree and 25 percent have a high school degree or less.

Not only does entrepreneurship remove educational barriers, it also leads to higher wages. When you control for education, ability, parental income, and more, [entrepreneurs' incomes](#) are higher than those of people working traditional jobs. This is especially true in low-income areas, where individuals who are self-employed and incorporated have the [highest average income](#) in a community, coming in at \$67,000 a year.

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But entrepreneurship does not only benefit the entrepreneur; it also benefits their community. When a business is created in a community, it creates local jobs, helps keep money circulating in the community, and often pulls in money from other communities. Approximately **two-thirds of jobs** are created by small businesses, and 30 percent of those are from new establishments.

Finally, if you look at the history of the country at even a cursory level, you learn that almost every disenfranchised group leaned on entrepreneurship as a way up and out of their circumstances. Immigrants are just **one example**.

The greatest myth about entrepreneurship is that it is only available to people who are already wealthy. That's simply not the case. At our foundation, we help people open low-capital startups every day. We do not dispute that it is easier for someone to start a business if they have deep pockets, but we also know (through lived experiences) that you can start a business with less than \$1,000.

In the U.S., **roughly** 15 percent of all businesses with employees start with less than \$5,000, and 35 percent of all businesses are started with less than \$25,000. That says nothing of the millions of small businesses that have no employees at all and need even less to start.

The second greatest myth about entrepreneurship is that you need external financing to start your business. Popular culture, including TV shows like *Shark Tank* and *Silicon Valley*, suggest that an entrepreneur needs venture capital or angel investors to get started.

The **fact** is that only five in 1,000 companies that start will ever get venture capital. It is good that these shows display a part of entrepreneurship to everybody, but you **do not need outside capital** to start out.

So how can we make entrepreneurship available to all?

1. Teach entrepreneurship early.

Research shows that children exposed to entrepreneurial ventures are associated with entrepreneurial attitudes. It's no wonder that children with parents as entrepreneurs are **60 percent** more likely to become entrepreneurs themselves.

2. Provide mentorship.

Maybe one of the biggest predictors of a business's success is access to a mentor or adviser. Despite being **three times** more likely to succeed with a mentor, only **22 percent** of small-business owners report having a mentor to whom they can turn.

3. Position entrepreneurship as an option for workforce development.

Eighty-seven percent of Workforce Investment Board administrators think self-employment is important for workforce development. They understand that not everyone is destined to be an employee. Every job training program should mention entrepreneurship. Reentry services for judicially involved individuals should include entrepreneurship training options. The list goes on.

Rather than batting old-world solutions back and forth, I'd argue for us to more aggressively embrace a strategy and philosophy that many agree on—and one that has historically actually worked.

PUBLISHED ON: JUL 10, 2019

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