

# NATIVE HAWAIIAN ORGANIZATIONS (NHOs)

## WHAT IS A NATIVE HAWAIIAN ORGANIZATION (NHO)?

According to U.S. Small Business Administration (SBA) regulations, a Native Hawaiian Organization (NHO) is a non-profit organization that is managed by Native Hawaiians and principally serves the Native Hawaiian community (See 13 CFR 124.3). Since the term NHO applies in the context of the SBA 8(a) program, NHOs must also have a majority ownership of a for-profit, small business that has been approved to participate in the 8(a) Business Development program.

NHOs each have a unique mission, but their sole purpose is to serve the Native Hawaiian community. Profits generated by the NHO-owned 8(a) firms, are dispersed to their parent NHO, which then engages in activities to meet the needs of the Native Hawaiian community. NHO missions range across social and community objectives including: youth programs, access to legal defense, leadership development, innovative youth education, specialized job training, health, financial literacy, business development, cultural engagement, community development, and other community needs.

## WHAT IS THE NATIVE 8(a) PROGRAM?

The 8(a) Business Development program, which is administered by the SBA, was created to provide support to small, disadvantaged businesses, particularly with gaining access to the Federal marketplace. Small businesses owned by Native entities, such as NHOs, Tribes, and Alaska Native Corporations (ANCs), are authorized to participate in the SBA 8(a) program under special rules. While the rules differ depending on the Native entity, the ultimate intent of the Native 8(a) program is to provide Native communities with the ability to develop self-sufficient economic ventures that support their Native communities. Unlike businesses owned by individuals, profits generated from a Native-owned 8(a) participant go back to their Native communities rather than individual business owners.

## WHAT ARE THE BENEFITS OF THE NHO 8(a) PROGRAM?

### ECONOMIC DEVELOPMENT

Through each contract opportunity captured by an NHO, jobs are created within Hawaii's economy, stimulating economic opportunities and creating high-skilled jobs, especially in the technology industry. NHOs are encouraged to develop training and mentorship programs, which allow young Native Hawaiians to challenge and develop their skill sets, while ultimately being prepared to meet customer needs.

### SUPPORTING LOCAL BUSINESS

Many of the current and potential contracts sought by NHOs have opportunities, possibly even requirements, for partnering and subcontracting with other small businesses. NHOs are dedicated to seeking out small business partners within the Native Hawaiian community as well as Hawaii's small business community. By partnering with Native Hawaiian-owned and local-owned firms, the overall economic impact to the State is much greater and the long-term community capacity is strengthened.

### SERVING THE COMMUNITY

The truly innovative concept of social enterprise is at work through the NHO 8(a) program with each 8(a) participant being majority-owned by a non-profit NHO, principally serving the Native Hawaiian community. Profits generated and dispersed by the 8(a) firm have a direct streamline straight to the NHO, which disseminates programs to the community ranging from health, social services, and education to business promotion, legal advocacy, and legislative activity.

