The Journal of Sociology & Social Welfare

Volume 33
Issue 3 *September*

Article 8

2006

Searching for Social Capital in U.S. Microenterprise Development Programs

Nancy C. Jurik

Gray Cavender
Arizona State University

Julie Cozogill
Oklahoma City University

Recommended Citation

Jurik, Nancy C.; Cavender, Gray; and Cozogill, Julie (2006) "Searching for Social Capital in U.S. Microenterprise Development Programs," *The Journal of Sociology & Social Welfare*: Vol. 33: Iss. 3, Article 8.
DOI: https://doi.org/10.15453/0191-5096.3185
Available at: https://scholarworks.wmich.edu/jssw/vol33/iss3/8

Searching for Social Capital in U.S. Microenterprise Development Programs

NANCY C. JURIK

GRAY CAVENDER

School of Justice & Social Inquiry
Arizona State University

JULIE COWGILL

Department of Sociology
Oklahoma City University

This paper focuses on the claims and efforts of U.S. microenterprise development programs (MDPs) to build social capital among poor and low income entrepreneurs. MDPs offer business training and lending services to individuals operating very small businesses (with five or fewer employees and less than $20,000 in start-up capital). Advocates suggest that MDPs help promote economic development by building social capital defined as networks among small entrepreneurs and between entrepreneurs and their larger community. We begin our paper with a short review of the varied definitions and claims about the role of social capital in promoting civic and economic empowerment. Then, drawing on interviews with practitioners from 50 programs, we examine the nature and extent of social capital building in U.S. MDPs. We consider the degree to which our sample MDPs directly promoted networks among clients, and between clients and individuals/organizations outside the program. More than half of the programs tried to network clients with each other, but only a few programs focused on building networks between clients and the larger community. From a critical perspective, we discuss more expanded notions of social capital building in poor communities and the barriers to their implementation.

Keywords: *social capital, microenterprise development, poverty alleviation, poverty, networks*

This paper examines the relationship between microenterprise development and social capital. Social capital refers to networks that bond people to each other, and connect them with their community. Although some scholars (Bourdieu, 1986) argue that it reproduces social inequality, others have tried to examine the ways in which policies that build social capital can reduce poverty and inequality (Putnam, 1993). At its best, social capital promotes the well being of individuals and their families, and bolsters communities and society by increasing participation in civic affairs. Involvement in the civic sphere is thought to bolster democracy. Social capital is increasingly an important aspect of social policy, for example, internationally it is viewed as a strategy for the alleviation of poverty.

The connection between microenterprise development programs and social capital is embedded within the discourse and strategies of poverty alleviation. Microenterprise development programs (MDPs) offer business training and lending services to individuals operating very small businesses with five or fewer employees and less than $20,000 of start-up capital. In terms of economic development, microenterprise is seen by many as one mechanism whereby disadvantaged individuals might survive and even thrive in the global economy. Microenterprise development is tied to notions of economic self-sufficiency for individuals, especially poor and low income individuals, and, some claim that it is also tied to social capital formation that ultimately contributes to the larger community (Anthony, 1996).

In this paper, we will consider the prevalence, nature and context of social capital building efforts in U.S. MDPs. Some analysts have argued that, in contrast to pioneering southern hemisphere MDPs, U.S. programs are more narrowly focused on individual empowerment and self-sufficiency and less interested in building client and community networks. We draw on data from interviews with practitioners from a sample of 50 U.S. MDPs.

Social Capital and Microenterprise Development

Despite the explosive popularity of social capital during

the 1990s, this concept is grounded in social thought that dates back to 19th century analyses of social inequality and social cohesion found in the scholarship of Durkheim, Marx and Weber (Foley & Edwards, 1999). However, the more recent work of Pierre Bourdieu (1986), James Coleman (1988), and Robert Putnam (1993; 2000) has inspired the prolific line of investigations focused specifically on social capital as a cause, outcome, and process of economic well being and democracy.

Bourdieu's analysis (1986) is often described as the first fully developed theory of social capital (Rankin, 2002; Somers, 2005). He was interested in how non-monetary capital contributed to the reproduction of social and economic inequalities (Bourdieu & Wacquant, 1992). Social capital provided Bourdieu with a link between standard forms of economic capital (monetary) and his concept of cultural capital which included factors such as prestige and power that also generate value. Social capital allowed him to capture the real economic value produced by nonmarket social connections and relations.

In contrast to Bourdieu's view of social capital as a part of individual and group identity, James Coleman's (1988) rational choice perspective lends itself to an analysis of social capital as a conscious strategy for promoting economic development or as an explanation for a lack of development among various social groups or settings. Coleman argues that social capital exists to varying degrees in social relations of all sorts, but exists only insofar as these relations provide resources for some action in which the individual might want to be engaged.

Perhaps the most widely discussed perspective is that of Robert Putnam (1993; 2000) who defines social capital as those features of social life that enable participants to act together more effectively to pursue shared objectives. Associations, especially when they include horizontal relations among individuals, facilitate civic engagement (Foley & Edwards, 1999, p.144). Putnam applied these ideas in *Making Democracy Work* (1993) wherein he argues that social capital differences explained why some regions of Italy were more economically successful than others. In his popular book, *Bowling Alone* (2000), Putnam describes the decline in civil commitment and participation and the resulting social malaise in the United States

Two substantive themes within the literature focus on

1) social capital and civic virtue, and 2) social capital and economic development. First are discussions about the role of social capital in building civic participation and democracy. Putnam (2000) and others suggest that involvement in networks and associations promotes civic engagement and responsibility that foster a more democratic society. The second theme examines the role of social capital in the economic development of individuals and communities. Putnam (1993) and others (e.g., Woolcock, 1998) suggest that involvement in social networks can promote the economic well being of individuals and their communities. These networks should be both bonding, that is linking individuals within a community, and bridging, that is connecting individuals and groups across different communities with differing levels of resources (Woolcock, 1998; Putnam, 2000).

Some analysts criticize the social capital literature on both civic virtue and economic development for ignoring the vital links between these two spheres. Foley and Edwards (1999) argue that social capital requires both access to networks and resources; Rankin (2002) argues that without critical analysis and consciousness raising of the ways in which social capital can promote oppression and exclusion, economic development programs will not be effective in reducing social inequalities. Other critics (Young, 1994; McLean, Schultz, & Steger, 2002; Rankin, 2002) argue that mere participation in associations by individuals will be insufficient for promoting positive civic engagement and viable economic development, and moreover that such participation if left unchallenged might simply promote inequality and exclusion.

Social capital is increasingly at the center of economic development policy. It is a major component of the World Bank's efforts to mitigate global poverty through economic development programs like MDPs. The popularity of U.S. programs was stimulated by success stories from pioneering MDPs such as the Grameen Bank in Bangladesh, ACCION in Latin America, and the FINCA Village Banking Model, and several microenterprise demonstration projects in the United States (Jurik, 2005). There are over 400 such U.S. programs and they are expanding at a rapid rate (Sherraden, Sanders & Sherraden, 2004).

Microenterprise development advocates tend to emphasize the second theme in the literature–the economic development implications of social capital (Shreiner & Morduch, 2002, Woolcock, 1998). They argue that MDPs foster "bottom up" economic development that begins with individuals and their links within the local community and spreads outward. A prime mechanism by which MDPs attempt to build social capital is through the peer lending method pioneered by the Grameen and other southern hemisphere programs. In peer lending, loans are made to groups, not individuals. Typically, four to ten individuals join small groups called borrowers circles; they make lending decisions, offer peer support, and pressure for repayment. The group is responsible for the repayment of each member's loans. Advocates argue that training, loans and borrowers circles help individuals become economically self-sufficient while also connecting them to the larger community, and thus building social capital (Larance, 1998; Ashe, 2000).

Much research on the effects of involvement in MDPs has concentrated on how programs empower individual clients. Generally, the term empowerment is defined as a move from a state of powerlessness to one of being in control or possessing power (Young, 1994). Individual empowerment includes not only improved economic self-sufficiency but also increased self-esteem and educational pursuits. For women, it can mean increased reproductive control and power in their families (Bhatt, 1995; Blumberg, 2001). Researchers add that individual empowerment can produce the social capital needed to enhance civic engagement because individuals who participate in MDPs get more involved in community and civic affairs. Communities with active MDPs enjoy improved economic conditions and civic participation (Auwal & Singhal, 1992).

In the wake of rising rates of unemployment and poverty and demands for welfare reform, MDPs have become popular in the United States as a strategy for reducing poverty without recourse to government welfare programs (Schreiner & Morduch, 2002). Like southern hemisphere programs, they offer training and lending for individuals who want to operate microenterprises. However, evidence suggests that relative to famous southern nation MDPs, U.S. programs are more individualized in their approach: they focus more on empowering

clients as individuals by fostering self-employment to promote economic self-sufficiency, and focus less on building social capital for civic participation in the community. Compared to Bangladeshi programs, U.S. MDPs are less focused on addressing the systemic nature of poverty (Coyle, Houghton, Evans & Vindasius, 1994, pp. 4-5).

We wondered if the image of U.S. programs as individualized was empirically accurate. We were interested in the degree to which social capital building was important in U.S. MDPs. We asked how much network building was valued as an activity in these programs, what was the focus of networking activities where they existed, and among whom were networks fostered. In the latter case, we were interested in networking efforts that involved clients, not just staff. We wanted to know if efforts were directed primarily toward linking clients *within* the program–what we refer to as ***intra-program networking***, or if they went *beyond* the program to link clients with individuals and organizations from the larger community, what we refer to as ***extra-program networking***. In the case of extra-program networks, we wanted to know with whom clients were to be linked and the focus of these relationships: were they business-centered, social service-centered, and did they incorporate components to foster civic engagement and community empowerment? Our analysis is focused on the reported objectives and efforts of U.S. MDP programs rather than on the outcomes and effectiveness of social capital building activities.

Methods

Our data are drawn from a national sample of U.S. programs. We conducted interviews with practitioners in 50 U.S. MDPs and obtained information on their programs and service delivery patterns. The interview sample was selected through a combination of random and purposive sampling techniques.

We drew our sample from the Aspen Institute's national directory of U.S. programs supplemented by a list of participants at a national conference of MDP providers. Because peer-lending programs comprised a small minority of U.S. MDPs, we selected all the peer programs listed in both sources

and drew a systematic random sample of non-peer lending programs. We mailed surveys to the resulting list of programs, and followed-up with requests for telephone interviews. The final sample of 50 represents a 57 percent response rate of eligible programs.

The interviews ranged from 40 minutes to an hour and a half in length. Topics included a description of program goals, history, services, and changes over time. The interviews contained several dimensions that were related to social capital building. The role of and experience with peer lending groups (if any) and other networking activities were addressed. We asked practitioners if their program had adopted explicit networking goals, and what activities were most central to meeting such goals. We asked about the orientation of program training including topics covered (e.g., whether in addition to business training, they included consciousness-raising activities that fostered an awareness of the societal as well as the interpersonal context of individual problems).

Forty-five of the interviews were tape-recorded and transcribed; detailed notes were taken on the five that were not taped. The preliminary written questionnaire for staff asked about program size, budget, main objectives, client characteristics, and outcome data on lending and numbers served. We obtained additional information from official program literature and web sites and program responses to an annual survey conducted by the Association for Enterprise Opportunity (e.g., Langer, Orwick & Kays, 1999). We use these data to address the questions described above. To conform with institutional research ethics requirements, we refrain from referring to actual practitioner or program names, but do note the program case identification number in parentheses at the end of quotations.

Findings

Practitioners were enthusiastic about the success and growth of their programs. They credited southern hemisphere MDPs as important points of reference, but emphasized the need to tailor their programs for the United States. Practitioners attributed the need for modification to the individualism so characteristic of the culture and to the complexity of doing

business in the United States Most practitioners said that U.S. programs needed to offer more training than was needed in southern nation programs.

Despite many commonalities, there was considerable variation across MDPs. The programs in this sample most often assisted businesses of low income individuals, especially women and minorities, although some programs also assisted moderate and higher income individuals. Some programs targeted disabled individuals, immigrants and refugees, and displaced or underemployed workers. Most practitioners described client businesses as new, small-scale sales and personal service concerns that were highly labor intensive. They included childcare, baking, furniture assembly, word processing, and computer or office equipment repair businesses. Loans were as small as $300, although some MDPs assisted larger and more established businesses with loans as large as $35,000. The hope was that these larger businesses would provide jobs for disadvantaged individuals.

Eight programs were actually part of government (state, city or tribal authority). The majority of the sample, 42 programs, were operated by non-governmental groups; these included 12 non-profit community development corporations, eight programs that were affiliates of larger MDPs (e.g., the Grameen), and three regional umbrella MDP organizations. However, to describe the majority of MDPs as "non-governmental" is misleading since most programs in our sample received money from federal, state, local, or tribal governments. In fact, several were established as a result of federal welfare-to-work projects and U.S. Small Business Administration initiatives. Thus, in the area of microenterprise development, as in so many other public service areas, the line between government and non-governmental organizations is blurred (Jurik, 2005).

Researchers and practitioners categorize MDPs based upon several criteria. Programs differ in the degree to which they emphasize lending and training activities. Some offer extensive training whereas others concentrate on lending. Some programs reflect the economic development tradition that was popularized in the United States during the 1960s and 1970s. These programs aim to make bigger loans to businesses that would employ large numbers of individuals in low income

areas. A significant number of them have added micro-lending components. Despite their addition of MDP components, economic development-oriented programs tend to focus more on lending than on training, and to base their lending decisions on the potential of the business to produce jobs for a designated geographical target area. Consistent with Servon (1999), we refer to such programs as place-based; they comprised one-third of our sample.

A second group, and the most highly publicized type of MDP, was comprised of programs that utilize the peer lending model. This group also comprised one-third of our sample. However, since we were specifically interested in studying client networking in MDPs and the peer model usually is cited as an exemplar of social capital building, we over-sampled peer programs. Peer programs actually comprise a small percentage of all U.S. MDPs; less than 16 percent of U.S. microenterprise lending programs utilize the peer lending model (Sherraden et al., 2004).

Hybrids comprise a third type of program: like MDPs in the place-based tradition, they offered only individual loans, but like U.S. welfare and job programs, they also offered more training and social supports to accompany microenterprise training and lending. Hybrid programs tended to be newer than the place and peer programs.

Consistent with the literature (Coyle et al., 1994; Ehlers & Main, 1998), we hypothesized that U.S. MDPs in general, especially those offering only individual lending, would primarily focus on client self-sufficiency through self-employment training and lending activities. We expected programs with peer lending components to be those most active in social capital building because, by definition, peer lending entails building networks among clients, and peer lending programs have been those MDPs most often associated with social capital development in the media and the literature (Jurik, 2005). We examined the degree to which MDPs' networking agendas extended to connecting clients with individuals or groups outside the program, and what program components (if any) were designed to establish such links. Did programs directly attempt to foster civic engagement and community empowerment, or did they assume that it might be a by-product of economic

empowerment through self-employment? We were curious to know if individual lending programs engaged in social capital building activities or if such agendas were limited to programs with peer lending components.

We divide our discussion of findings into three parts. First, we discuss the importance of individualized goals such as self-sufficiency and personal empowerment in U.S. programs. Second, we examine the number and types of programs that incorporated social capital building goals such as intra-program networking (i.e., bonding social capital) as primary components. Third, we consider MDPs that incorporated components for building extra-program networks (i.e., bridging social capital), and the orientation of such networks toward business, social service, or broader civic/community engagement (social consciousness raising and civic involvement components).

Individual Empowerment Goals

The practitioners we interviewed emphasized individual empowerment through self-sufficiency as a major if not *the* major goal for their programs. Practitioners in 48 MDPs believed their program empowered clients as individuals by providing them with training and financing for self-employment. Some practitioners believed that self-employment alone increased client self-esteem and promoted a sense of empowerment. A number of programs minimized training and technical assistance services, believing that it was important to keep program costs low and avoid replicating welfare models that purportedly promote dependency. One practitioner said that the reason for the high costs of some MDPs was "the high [level of] technical assistance that they're involved in" (#18). Another said: "[W]e're not trying to develop a pattern of dependency, we're trying to facilitate and provide a tool which helps people get on their feet" (#21).

Although almost all of the practitioners in our sample stressed individual empowerment, only 19 programs focused exclusively on individualized services to clients. Another 5 engaged in occasional efforts to network clients either within or outside of the program, and 26 engaged in some form of systematic networking in one or more of the categories

described below. We define systematic networking activities as those that occur with some degree of regularity and that practitioners said were a fundamental component of the program structure. Sporadic or non-systematic networking, in contrast, includes activities that are undertaken on an irregular and perhaps one-shot basis and are not viewed as an integral program component.

Intra-Program Networking

We considered the prevalence and nature of intra-program networking in our sample of U.S. MDPs, that is, efforts to bond clients with each other as well as with staff for mutual assistance and support. Significantly, 21 programs engaged in systematic forms of client networking. Intra-program networks figured prominently in these MDPs. A practitioner described the role of client networking as follows: "The participants of the program run their own loan group and they also have chair meetings where they basically decide what will be happening in the program. They plan networking events and they also brainstorm with each other to do problem-solving" (#44). Fifteen of these MDPs offered peer lending components. This supports our expectation that peer lending programs would be more likely to be involved in client networking activities. All but one peer program in our sample focused on client networking as a major component. However, practitioners noted that developing peer lending groups was no easy matter. Several programs had dropped peer lending components. One described U.S. culture as too individualized for peer lending to work. Several other programs, modeled after MDP pioneers, experienced problems with peer lending. They suggested that many clients did not want to take the time to be involved in borrower's circles or other networking activities. In some areas, distance and transportation were problems. Child care, illness and other problems associated with low income lives diminished networking efforts. Some practitioners had modified their peer groups so as to decrease group autonomy and reduce the penalty on the entire group when a member defaulted on a loan.

Although intra-group networking was most common in peer lending MDPs, some non-peer programs were involved

in developing this bonding form of social capital. Six non-peer lending programs were involved in systematic efforts to network clients; two of these were place and four were hybrid programs. For example, in one place-based program, although loans were made to individuals, clients still met in peer groups for training and to provide feedback on each other's business ideas (#20).

Extra-Program Networking

We examined the extent to which program networking moved outward to include what Putnam has referred to as bridging social capital that connects one community with another. In the case of microenterprise development among marginalized populations, it is viewed as important to connect MDP clients with communities of individuals who possess varying or greater amounts of resources (e.g., greater business know-how or contacts) (Woolcock, 1998). While over 90 percent of the MDPs made efforts to connect their program with other community organizations and businesses, most networking was focused on linking staff rather than clients with these outside organizations. We were interested in such efforts only if ultimately used to directly connect clients with individuals and groups outside the MDP. We referred to these sorts of activities as extra-program networks.

Generally, we found that MDPs were most active in extra-program networking that was closely linked to their main program purpose – enhancing self-employment opportunities for clients. When it came to attempts to directly foster bridging social capital less directly tied to client businesses, U.S. MDPs were far less involved.

Extra-Program Networking Focused on Business

Business contacts were the major form of extra-program networks that were directly fostered by the MDPs. Sixteen programs engaged in systematic efforts to network clients with extra-program business contacts. These activities included holding regular networking sessions between clients and outside business contacts, actively maintaining referral lists of business consultants for clients, and assigning business mentors from the community to clients. As expected, peer

programs were the most active type of MDP in business networking. Nine peer MDPs were regularly involved in extra-program business networking.

Other peer programs were involved in extra-program business networking but on a non-systematic basis. Some programs were located in isolated rural areas which made such business networking activities more difficult. Still other peer practitioners left such networking to the initiative of borrower circles while staff focused their energies on developing and training the circles.

Although peer programs had the greatest presence in extra-program business networking, hybrid programs were active in this realm as well. Six hybrids (n=6) were involved in business networking outside their programs. For example, one hybrid MDP fostered business networking through its alumni association, which met regularly to network past with present clients and to bring in business people from the larger community. Many place-based programs tried to introduce clients to bank lending staff, and occasionally brought in guest speakers or experts from the community. However, these activities were much more non-systematic and sporadic than were the efforts of programs that prioritized business networking.

Extra-Program Networking For Social Services

When it came to broader forms of networking such as linking clients to social service organizations outside their programs, U.S. MDPs were less active. Ten programs offered extended social services to their most economically and socially disadvantaged clients. These went beyond the basics of business training and networking to include social services such as transportation and childcare assistance, immigration counseling, housing referrals, and workshops on topics such as nutrition, self-esteem, fear of success, and other personal issues. However, only six programs aimed to systematically develop ongoing links between clients and social service providers in the community. Three hybrid and three peer MDPs tried to develop social capital related to social service provision. Although many MDPs maintained lists and referred clients to other organizations and individuals in the community for assistance, far fewer programs worked to monitor and

evaluate the effectiveness of their referral networks on a systematic basis.

Extra-Program Networking for Community and Civic Involvement

Finally, we examined the links between MDPs and efforts to increase civic participation. Social capital networks that foster civic participation are expected to promote both collective empowerment and social change (Breton, 1994; Young, 1994).

Accordingly, we considered how many MDPs included, as a part of their program agenda, activities intended to bridge clients to ongoing political and community affairs. We began by considering the number of programs that incorporated some critical analysis of the barriers confronting client businesses that were the outgrowths of racism, gender inequality, and class disadvantage. Six programs (three peer and three hybrid) tried to address the structural sources of barriers to client businesses in training and peer groups. However, only two of the programs (both peer) tried to link their clients into community and political empowerment activities. Still, each of these programs offers an interesting example of how MDPs might encourage civic involvement and community awareness. In one program, practitioners took a dozen clients to attend a conference on sustainable development issues outside their state. They later helped some clients attend an international conference on women and development issues. The practitioner argued that by providing clients with these opportunities, "They've really taken off and gotten involved. Now the women are doing it on their own" (#5).

In the second MDP, practitioners facilitated connections between the program and several community groups fighting what one called, "the more vicious parts of welfare reform." The program also encouraged clients to bring issues affecting microenterprises to public awareness by inviting a series of local politicians to visit borrowers' circles.

Three additional programs occasionally linked clients to the larger community or sought to deal with broader community issues in their peer and alumni groups. One program conducted training on ethnic conflict resolution to impart skills to clients that staff hoped would "spill over" into the larger community (#35). Another practitioner said that the peer lending

groups in her program often get involved in the community, but clients and not staff make such decisions. This program exemplifies the view that MDPs should not directly promote extra-program networking, but that instead programs should foster the development of client enterprise groups and then let those groups chart their own course of action with regard to civic and community empowerment.

Conclusion

Consistent with images of U.S. MDPs as more oriented toward individual empowerment and economic self-sufficiency, we find that about half of the programs in our sample eschewed networking in lieu of individualized lending and training services. As expected, peer lending MDPs were the most involved in client networking both inside and outside programs. Most extra-program networking focused on linking clients with business contacts in the community. Few MDPs aimed to systematically link clients with social service contacts, but several programs provided extended social services themselves. Rarest were programs that directly encouraged networking around civic and community issues. Only two programs were systematically involved in social capital building efforts that aimed to directly promote such links. Earlier comparisons of U.S. and southern hemisphere MDPs suggest that U.S. programs tend to focus more narrowly on self-employment training and lending as a type of "technology" to promote self-sufficiency (Coyle et al., 1994, pp. 4-5). Our findings support this characterization of U.S. MDPs.

Given our findings, the obvious question is why U.S. programs are not more involved in social capital building. To answer this question, we address the societal context of MDP social capital building efforts. First, we consider the context in which MDPs and non-profit programs more generally operate. In today's neoliberal climate, non-profits are under pressure to emulate the cost effectiveness associated with market sector firms (Jurik, 2004). Practitioners said that peer lending and other networking efforts were costly in terms of money and staff time. There was pressure to utilize staff for activities directly connected to client businesses such as business training

and lending.

Extra-program networking was limited by social and historical context in other ways as well. MDPs emerged in the United States as a part of the shift away from welfare, and were informed by many of the assumptions that were attendant to that shift, e.g., that welfare created dependency. In this context, staff often were reluctant to facilitate activities that were even reminiscent of welfare programs, i.e., that were, in the words of one practitioner, "social workey."

These staff/client rationales point to a bitter irony in MDPs: strategies that were developed, at least in part, to facilitate social capital building among disadvantaged populations are weakened by the situation that generated the need for them. MDPs are one potential avenue for the transition of the poor from welfare, but any activities that are seen as like welfare, even if they are essential for this population, even if they might make business success more likely, are tainted and are to be avoided. This is the most pessimistic aspect of our study: the very connections that Putnam and others describe as necessary for the bridging-type of social capital, connections which MDPs were supposed to facilitate, are causalities of the individualism that is increasingly at the heart of U.S. ideology and of microenterprise development.

Notwithstanding this pessimistic conclusion, there are some hopeful implications in our study. Even some of the non-peer MDPs facilitate networking activities. Some programs supply essential social services or network clients with community organizations that will supply them, services that increase the likelihood of business success. A few practitioners described strategies that were elegant examples of social capital formation, both bonding and bridging types. Client networks were established, but clients also were connected to the larger community in terms of business contacts, social services, and, importantly, in terms of participation within that community. Recall, for example, that one MDP sponsored clients to attend an international conference and, upon their return, to become publically active in matters that were related to their businesses but that also transcended them. Such programs seemed to understand the full potential that MDPs have for their clients as individuals entrepreneurs, but also for their clients as

citizens of a larger, viable community. Additionally, some MDPs have reoriented their focus toward more direct efforts to stimulate social capital by building networks between clients and a broad range of individuals and community organizations beyond the program (Friedman, 2001, p.4).

In closing, we offer a few recommendations with respect to the potential for microenterprise development as a method for building social capital. First, like the programs in our sample, MDPs must focus primarily on preparing clients to become entrepreneurs. This is the major purpose of the programs, the ones that do it best survive, and if their clients are to make it in business they need training and loans. Moreover, given the target population of low income and poor individuals from often disadvantaged communities, it is unrealistic to expect MDPs to be a quick fix that creates the social capital needed for economic well being and progressive civic engagement.

At the same time, however, it is equally unrealistic to expect that training and loans alone will make this population economically self-sufficient, or that a few client networks will somehow create such social capital. A better approach would address the immediate needs of the clients–training and loans–and also include as a part of their training, components that deal with the larger social context, that make them conscious of it, and that gradually facilitate civic participation. One practitioner told us that client involvement in the larger community was essential not only for them to operate businesses that would be successful in the long run, but also to be more effective human beings. Another practitioner said that clients need to be "bilingual," that is to understand the language and culture of business, and of their own communities. Such a "bilingual" approach will make economic survival more likely and, at the same time, address those issues of social capital that will not only help ensure individual economic survival but also lead to more vibrant and effective communities and societies.

Table 1. Type of Networking by Type of MDP --Peer, Place or Hybrid Programs
Parentheses indicates number of programs involved in that type of networking but not with a systematic focus.

Type of Networking	*Program Type*	*Systematic Networking*	*Non-Systematic Networking*
Intra-Program Networking	Peer:	15	(1)
	Place:	2	(1)
	Hybrid:	4	(2)
	Total	*21*	*(4)*
Extra-Program Networking: Business-Focused	Peer:	9	(1)
	Place:	1	(2)
	Hybrid:	6	(2)
	Total	*16*	*(5)*
Extra-Program Networking: Social Services-Focused	Peer:	3	
	Place:	0	
	Hybrid:	3	
	Total	*6*	
Extra-Program Networking: Community/Political Action-Focused	Peer:	2	(2)
	Place:	0	
	Hybrid:	0	(1)
	Total	2	*(3)*

References

Anthony, D. (1996). *Working: A report on the impact of the Working Capital Program.* Cambridge: Working Capital.

Ashe, J. (2000). Microfinance in the United States: The Working Capital experience–Ten years of lending and learning. *Journal of Microfinance*, 2, 22-60.

Auwal, M. A. & Singhal, A. (1992). The diffusion of the Grameen Bank in Bangladesh." *Knowledge*, 14, 7–28.

Bhatt, E. (1995). Women and development alternatives: Micro- and small-scale enterprises in India. In L. Dignard & J. Havet (Eds.), *Women in micro- and small-scale enterprise development*, (pp. 85-100). Boulder, Co.: Westview Press.

Blumberg, R.L. (2001). We are family : Gender, microenterprise, family work, and well-being in Ecuador and the Dominican Republic with comparative data from Guatemala, Swaziland, and Guinea-Bissau. *The History of the Family*, 6, 271–99.

Bourdieu, P. (1986). The forms of social capital." In J.G. Richardson (Ed.), *The handbook of theory and research for the sociology of education* (pp. 241-258). New York: Greenwood.

Bourdieu, P. & Wacquant, L. (1992). *An introduction to reflexive sociology.* Chicago: University of Chicago.

Breton, M. (1994). On the meaning of empowerment and empowerment-oriented social work practice. *Social Work With Groups*, 17(3), 23-37.

Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, 95-120.

Coyle, M., Houghton, M., Evans, C., & Vindasius, J. (1994). *Going forward: The peer group lending exchange.* November 2-4, 1993. Toronto: Calmeadow.

Ehlers, T. & Main, K. (1998). Women and the false promise of microenterprise. *Gender & Society* 12, 424-440.

Foley, M. & Edwards, B. (1999). Is it time to disinvest in social capital? *Journal of Public Policy*, 19, 141-173.

Friedman, J.(2001). The role of microenterprise development in stimulating social capital and rebuilding inner city economies: A practitioner perspective. *Journal of Socio-Economics*, 30, 139-144.

Jurik, N.C. (2004). Imagining justice: Challenging the privatization of public life. *Social Problems*, 51, 1–15.

Jurik, N.C. (2005). *Bootstrap dreams: U.S. microenterprise development in an era of welfare reform.* Ithaca: ILR Press (Cornell University Press).

Langer, J.A, Orwick, J.& Kays, A.J. (1999). *1999 Directory of U.S. microenterprise programs.* Self-employment Learning Project. Washington, D.C.: Aspen Institute.

Larance, L.Y. (1998). Fostering social capital through NGO design: Grameen Bank membership in Bangladesh. *International Social Work* 44(1), 7-18.

McLean, S., Schultz, D. & Steger, M. (2002). Introduction. In S. McLean, D. Schultz, & M. Steger (Eds.), *Social capital* (pp. 1-17). New York: New York University Press.

Putnam, R. (1993). *Making democracy work.* Princeton: Princeton University Press.

Putnam, R. (2000). *Bowling alone: The collapse and revival of American community.* NY: Simon & Schuster.

Rankin, K. (2002). Social capital, microfinance, & the politics of development. *Feminist Economics,* 8, 1-24.

Schreiner, M. & Morduch, J. (2002). Opportunities and challenges for microfinance in the United States. In J.H. Carr & Z.T. Tong (Eds.), *Replicating microfinance in the United States* (pp. 19-64). Washington, D.C: Woodrow Wilson Center Press.

Servon, L. (1999). *Bootstrap capital: Microenterprises and the American poor.* Washington, D.C.: Brookings.

Sherraden, M.S., Sanders, C.K., & Sherraden, M. (2004). *Kitchen capitalism: Microenterprise in low-income households.* Albany: State University of New York Press.

Somers, M. (2005). Beware Trojan horses bearing social capital: How privatization turned solidarity into a bowling team." In G. Steinmetz (Ed.), *The politics of method in the human science* (pp. 233-274). Durham, NC: Duke University Press.

Woolcock, M. (1998). Social capital and economic development: Toward a theoretical synthesis and policy framework. *Theory and Society,* 27, 151–208.

Young, I. M. (1994). Punishment, treatment, empowerment: Three approaches to policy for pregnant addicts. *Feminist Studies,* 20, 33–55.