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**WOMEN AS (MICRO)CITIZENS? GENDER, DEVELOPMENT AND
MICROENTERPRISE**

by

SUSANA T. FRIED

A dissertation submitted to the

Graduate School-New Brunswick

Rutgers, the State University of New Jersey

in partial fulfillment of the requirements

for the degree of

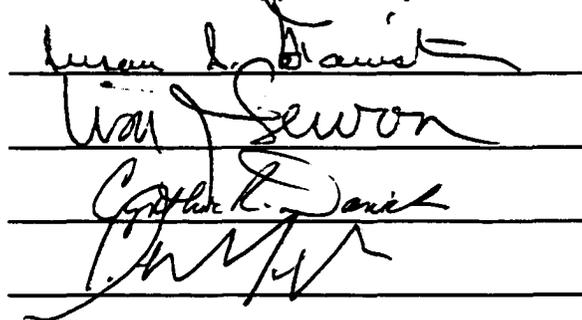
Doctor of Philosophy

Interdisciplinary Graduate Program in Urban Planning and Policy Development and

Political Science

written under the direction of Susan S. Fainstein and D. Michael Shafer

and approved by



The image shows four handwritten signatures, each written on a horizontal line. From top to bottom, the signatures are: Susan S. Fainstein, D. Michael Shafer, and two other signatures that are less legible but appear to be in cursive.

New Brunswick, New Jersey

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ABSTRACT OF THE DISSERTATION

Women as (micro)citizens? Gender, development and microenterprise

SUSANA T. FRIED

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Susan S. Fainstein and D. Michael Shafer

My dissertation examines the politics of microenterprise assistance to women in the United States in order to understand how assumptions about gender differences are operationalized into development practices. By “microenterprise assistance,” I mean the range of strategies – primarily credit, enterprise development and business training, and technical assistance – used to help low-income people start or expand their own very small businesses. I focus on microenterprise assistance to low-income women.

Many development practitioners view microenterprise assistance as a vibrant means of promoting self-reliance among low-income people. Many projects throughout the world direct all or some of their attention to women. However, a limited number of women will succeed as entrepreneurs. The potential of these programs is constrained by ongoing structural transformations, an increasing disparity between rich and poor, and the difficulties that microenterprise assistance organizations themselves face in assuring their own vitality while at the same time balancing their economic and social goals in a gender-sensitive manner.

While a range of U.S. microenterprise programs target their assistance to

low-income women, the gendered assumptions which undergird their programs are too often inadequately specified. I address this gap by looking at three organizations which target disadvantaged women: Coastal Enterprises Inc. (Maine), Cooperative Economics for Women (Massachusetts), and the Urban Women's Center (New Jersey). Using the concepts of *gender sensitivity* and *sustainability*, I explore how these organizations define obstacles to women's economic self-sufficiency and how this is manifested in their programs. I apply an analysis which is *gender sensitive*, by looking at how these organizations address the gender relations which structure and constrain women's economic opportunities.

Further, I look at how class, race, ethnicity and gender affect women's participation in economic life as critical to explaining the opportunities and constraints for women's empowerment. I argue that supporting women's microenterprises is inadequate when it only helps keep women working long hours for little return. Women's poverty, unequal family responsibilities, and gender discrimination in general, remain structural barriers to women's economic independence. Microenterprise assistance organizations must take these issues fully into account, or they will fail in view of a larger picture of development.

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Chapter 1: Gender, Development and Microenterprise

The process of understanding the gendered nature of organizations engages the researcher in an 'archaeological' investigation; it involves disinterring and reinterpreting histories, and scrutinizing artifacts such as favored concepts, terms of inclusion or exclusion, symbols of success or failure. It involves investigating the traces which gendered patterns of privilege leave in the organization and architecture of space and time, and in behavioural patterns which are tolerated or punished. - Anne Marie Goetz¹

I: Introduction

My dissertation examines the politics of microenterprise assistance to women in the United States in order to understand how assumptions about gender differences² are operationalized in programs which seek to ameliorate gender discrimination and to facilitate women's economic empowerment. I use the phrase "microenterprise assistance" to encompass the range of strategies – primarily credit, enterprise development and business management training, technical assistance and referrals – used in helping low-income people start or expand their own very small businesses. I focus on microenterprise assistance to low-income women.

In undertaking this examination of microenterprise, low-income women and

¹ Anne Marie Goetz, "Introduction: Getting Institutions Rights for Women in Development," in *Getting Institutions Right for Women in Development*, ed. Anne Marie Goetz (New York: Zed Press Ltd., 1997), 1-30. P. 16

² By gender, I mean the social categories of "male" and "female," "man" and "woman." In line with an extensive literature about gender, I believe that gender is a process, not an event. In other words, appropriate male and female behavior, jobs, etc., are continually reproduced through social, cultural, economic and political processes, even though "maleness" and "femaleness" are often portrayed as natural. However, gender is not a "given," but is shaped through the institutions and structures of society. For more on this understanding of gender, and the implications of gender as a category of analysis, see Joan Scott, "Gender: A Useful Category for Historical Analysis," *American Historical Review* 91 (1986): 1053-75. See also the selections in Judith Butler and Joan W. Scott, eds., *Feminists Theorize the Political* (NY: Routledge, Chapman and Hall, Inc., 1992); Carol C. Gould, ed., *Gender: Key Concepts in Critical Theory* (Atlantic Highlands, NJ: Humanities Press, 1997).

gender analysis, I have drawn upon both my research and my professional experience: first, my twenty years of experience as a feminist activist, particularly concerned with women's political and economic empowerment; second, my research and participation in debates about "gender and development," that set the main contours for my analysis of women's empowerment; finally, my more recent research and advocacy in global feminism and women's human rights, which, I contend, provide important new ways of *reading* the possibilities of development practices -- such as microenterprise assistance -- for women as autonomous agents of change.

Microenterprise assistance is primarily provided by non-governmental and non-profit organizations that provide credit, training and technical assistance to low-income people who own, or seek to own, their own small businesses. Microenterprise assistance is relatively new in the U.S., and its emergence as an increasingly popular anti-poverty and community development strategy reflects current debates about urban economic development and the particular problems faced by low-income women and families. Microenterprise projects support the creation of very small businesses and are viewed by many development scholars and practitioners as a vibrant means of supporting self-reliance among low-income people. Many projects -- both in the developing world as well as in the United States -- direct all or some of their lending and services toward women.

In the past five years, microenterprise has been greeted in the United States with increasing fanfare. Support for microenterprise, particularly the provision of "microcredit," has been taken up at the highest levels of politics. In fact, one of the

earliest microenterprise assistance programs in the U.S., the Good Faith Fund, was founded with the support of President Clinton when he was governor of Arkansas, in 1988. Despite high hopes, however, a limited number of people will succeed as entrepreneurs. The potential of these programs is constrained by ongoing structural transformations, an increasing disparity between rich and poor, and the difficulties that microenterprise assistance organizations themselves face in assuring their own vitality while at the same time balancing their economic and social goals in a gender-sensitive manner. Indeed, while women's access to credit and services can play an important role in helping them create their own businesses, credit and training do not replace the need for more equitable distribution of income and resources that are central to dismantling gender discrimination and engendering gender-sensitive development policies and practices. Nor can microenterprise assistance alleviate other constraints poor women face. Indeed, as I discuss in Chapter 2, even when women operate successful businesses, they may not control the income from those businesses. To the extent that they cannot control the income they produce, their economic independence remains constricted. In other cases, women find that their attempts to operate their own businesses are significantly hampered by their primary responsibility for family maintenance, and the difficulty of securing adequate and affordable child care. In other cases, social and cultural norms present major barriers to women's autonomy generally, and their ability to act as autonomous economic and political agents specifically.

II. Local Practices in a Global Context

In pursuing this analysis, I connect the discussion about microenterprise assistance to women in the United States to global debates about gender and development. I make this link for two reasons: first, I believe that the discussions on international development theories, policies and practices can bring significant insights to the U.S. domestic discourse about anti-poverty policy and women's economic development. Indeed, as I will argue below, the scholarship and practices which tie women's empowerment to anti-poverty policy has been far more developed in the "Third World" context, than it has been in the U.S.³ Thus, one of my primary goals is to bring the insights from this global conversation to the discussion about how to address women's poverty in the U.S. I make these connections by reviewing the experience of microenterprise assistance to low-income women in the developing world, and then applying the insights from this experience to the U.S. Indeed, microenterprise as a development strategy in the U.S. has been heavily influenced by Third World microenterprise assistance practices.

³To be clear, I do not argue that such debates are absent, but rather that they are underdeveloped. For exceptions, see Ann Bookman and Sandra Morgen, eds, *Women and the Politics of Empowerment* (Philadelphia: Temple University Press, 1988); Deborah Carr, "Two Paths to Self-Employment?: Women's and Men's Self-Employment in the United States, 1980," *Work & Occupations* 23, no. 1 (February 1996): 26-53; Cathy J Cohen, Kathleen B Jones and Joan C. Tronto, eds., *Women Transforming Politics: An Alternative Reader* (New York: New York University Press, 1997); Tracy Bachrach Ehlers and Karen Main, "Women and the False Promise of Microenterprise," *Gender & Society* 12, no. 4 (August 1998): 424-40; Lisa Servon, "Reconstructing Urban Poverty Policy: Alternative Credit, Poverty Alleviation, and Economic Development in US Inner Cities," Ph. D. Diss. (Berkeley: University of California, 1995); Lisa J. Servon and Timothy Bates, "Microenterprise as an Exit Route from Poverty: Recommendations for Programs and Policy Makers," *Journal of Urban Affairs* 20, no. 4 (1998): 419-41; Nancy A. Naples, "Women's Community Activism: Exploring the Dynamics of Politicization and Diversity," in *Community Activism and Feminist Politics: Organizing Across Race, Class, and Gender*, ed. Nancy A. Naples (NY: Routledge, 1998), 327-50.

As I outline more extensively below, microenterprise assistance to the poor has been utilized extensively throughout the world for over thirty years. More recently, it has gained popularity as an anti-poverty and economic development strategy in the U.S. Increasingly, when talking about the importance of microenterprise as a development strategy, those in the U.S. point to Third World examples that they consider to be models. For instance, at a press conference, Hillary Rodham Clinton declared:

Whether we are talking about a rural area in South Asia or an inner city in the United States, [microcredit] is an invaluable tool in alleviating poverty, promoting self-sufficiency and stimulating economic activity in some of the world's most destitute and disadvantaged communities.⁴

In making the links between experiences in the "developed" and "developing" worlds, I also seek to extend a feminist analysis that is rooted in the theories and practices of gender-sensitive development internationally to U.S. development practices. Drawing on insights from gender and development theories, I situate my analysis within a framework that locates the structural and systematic nature of women's economic, political and social disadvantage in social, political and economic institutions. Indeed, recent work by feminist theorists leads us to question the very category of "woman" itself,⁵ not to mention the "third world" – the subjects

⁴Hillary Rodham Clinton, quoted in John Buntin, "Bad Credit," *The New Republic*, March 31 1997, 10-11.

⁵ M. Jacqui Alexander and Chandra Talpade Mohanty, *Feminist Genealogies, Colonial Legacies, Democratic Futures* (New York: Routledge, 1997); Judith Butler, *Gender Trouble* (New York: Routledge, 1990); Judith Butler, *Bodies That Matter: On the Discursive Limits of "Sex"* (New York: Routledge, 1993); Jane Flax, *Thinking Fragments: Psychoanalysis, Feminism, and Postmodernism in the Contemporary West* (Berkeley: University of California Press, 1990); Diana Fuss, *Essentially Speaking: Feminism, Nature & Difference* (New York: Routledge, 1989); Mary Hawkesworth, "Confounding Gender," *Signs* 22, no. 3 (Spring 1997): 649-86; Stanlie M James and Abena P.A. Busia, *Theorizing Black Feminisms* (New York: Routledge, 1993); Chandra Talpade Mohanty, "Cartographies of Struggle: Third World Women and the Politics of Feminism," in *Third World*

and objects of gender and development. As Chandra Talpade Mohanty has observed:

contemporary definitions of the "third world" can no longer have the same geographical contours and boundaries they had for industrial societies. In the post-modern world, systematic socioeconomic and ideological processes position the peoples of Africa, Asia, Latin American and the Middle East, as well as 'minority' populations (people of color) in the US and Europe, in similar relations to the state.⁶

As one internationally and domestically popular development strategy, microenterprise assistance organizations operate within these systems of discrimination and disadvantage. Some assistance organizations also seek to contravene these disadvantages. While a range of U.S. microenterprise programs target their assistance to low-income women, the gendered assumptions which undergird their programs are too often inadequately specified. I address this gap by looking at three microenterprise organizations which do identify a goal of assisting low-income and disadvantaged women: Coastal Enterprises Inc. (Wiscasset, Maine), Cooperative Economics for Women (Boston, Massachusetts), and the Urban Women's Center (Trenton, New Jersey). Using the concepts of *gender sensitivity* and *sustainability*, I explore how these organizations understand and define the obstacles to women's economic self-sufficiency and how this analysis is manifested in their programs.

In my examination of these three organizations which seek to assist women through facilitating their enterprise initiatives, I apply an analysis which is *gender*

Women and the Politics of Feminism, ed. Chandra Talpade Mohanty, Ann Russo and Lourdes Torres (Bloomington: Indiana University Press, 1991), 1-50; Monique Wittig, "One is Not Born a Woman," *Feminist Issues* 1, no. 2 (1981): 47-54.

⁶ Mohanty, "Cartographies of Struggle." P. 2

sensitive. In other words, I look at how these organizations understand and address the gender relations which structure and constrain women's economic opportunities.

Following Anne Marie Goetz, I view gender relations as dynamics which

constitute institutions such that these institutions reproduce gendered inequities to varying degrees...These gendered preference systems are more than discriminatory attitudes or irrational choices on the part of individuals, or unintended oversights in policy...they are embedded in the norms, structures and practices of institutions.⁷

A gender-sensitive analysis of microenterprise seeks to uncover these assumptions so as to understand their impact on policies and programs. The goal of such a "feminist" endeavor is, in my mind, to create development practices which put women's "agency"⁸ at the center of "empowerment."⁹ In other words, as Goetz describes, "a feminist notion of women's interests...privileges women's rights to make choices in conditions of personal autonomy."¹⁰ To this end, I explore three organizations which assist women microentrepreneurs by looking at the gendered *assumptions* implicit in their programming.

The framework I employ makes it possible for me to explore the implication of development practices and the resonance of microenterprise in the U.S. today. Self-employment -- as a cornerstone of democracy -- is easily tied to both classical liberal (as articulated, for example, by Milton Friedman¹¹) and progressive traditions

⁷ Goetz, "Getting Institutions Right." P. 5

⁸By **agency** I mean the capacity to act on one's own behalf.

⁹**Empowerment**, as I use it, signifies the ability to make change in one's own, one's family, and one's community's life.

¹⁰ Goetz, "Getting Institutions Right." P. 24

¹¹ Milton Friedman, *Capitalism and Freedom*, First edition, 1962 (Chicago: University of Chicago Press, 1982).

(see for instance the work of organizations like ACORN) of individual self-reliance and “liberty” as opposed to “dependence.” In this light, microdevelopment practices such as microenterprise assistance programs may be viewed as “normalizing practices”¹² in which interpreted needs are materialized into policy and programs. As Fraser and Gordon note, the post-industrial shift in the semantics of dependency emphasize a moral/psychological register of “dependency.”¹³ As a result, projects are compelled to find solutions through efforts to build women’s self-esteem and self-reliance -- individualist solutions, in other words – rather than advocacy, economic literacy and political education which emphasize structural analyses. In this sense, structural analysis means understanding that the source of women’s inequality rests not in the limitations and capacities of individuals, but in the political, economic and social construction of gender in society. Thus, the solution to women’s poverty rests not in ending women’s “dependence” understood as an inherent feminine pathology, but in contesting gender discriminatory norms and practices at both the individual and societal level. Such a position contrasts with many contemporary explanations of women’s poverty in which, as Fraser and Gordon comment “...all dependency is suspect and independence is enjoined upon everyone.”¹⁴ In this manner, citizenship and economic participation are integrally connected. Moreover, political participation refers not only to “formal” politics, like

¹²See Sandra Harding, “Can Feminist Thought Make Economics More Objective?” *Feminist Economics* 1, no. 1 (Spring 1995): 7-32.

¹³ Nancy Fraser and Linda Gordon, “A Genealogy of Dependency: Tracing a Keyword of the U.S. Welfare State,” *Signs* 19 (Winter 1994): 309-36.

¹⁴ Fraser and Gordon, “Genealogy of Dependency.” P. 94.

voting, but participation in community and workplace decision-making.¹⁵

III. Gender and Development

Over the past thirty-odd years, alternative perspectives on development have been widely debated. Yet, considerations of development still tend to refer to it as a primarily economic process, albeit, with social and political consequences. The focus tends to remain one of state capacity for economic restructuring in response to changing international patterns of trade, migration, capital requirements and labor demands. Development scholars frequently begin their discussions by noting that development policy takes place within a political context and that policies reflect and reinforce power and the distribution of resources.

All too often, however, this is where the conversation is abandoned, leaving intact a notion of development as a universal concern for economic growth. The interaction of political, economic and cultural forces as well as the conflict between local and global needs and requirements has remained a separate discussion. Moreover, as many feminist critics have noted, development has frequently been a "decontextualized," spatial notion, with little room for individuals, not to mentioned

¹⁵The question of the relationship between development and political participation has not been adequately investigated. Several areas of research touch on this issue, but do not highlight the relationship between economic and political participation in the arena of self-employment. For instance, discussions of economic democracy are concerned with a similar general issue, but tend to focus on large-scale industry and worker control. In contrast, research on community democracy considers the impact of participating in community activities, but does not focus on the link between economic and political empowerment. Finally, research on self-help initiatives in "developing" countries may set these within the framework of linking economic and political participation, but have not been translated to a "developed" country context.

gendered people.¹⁶ The "individual" in this perspective, observe many feminist economists, is the atomized, self-interested man of neo-classical economics, rather than socially constituted women and men located in specific spatial and temporal communities.¹⁷ The "scientific" veneer to this debate too often obscures the assumptions and values which underlie it.¹⁸

Two current trends in the literature of gender and development present a great deal of promise for uncovering the hidden assumptions about gender in development theories and practices. First, there is a general trend away from regarding women as victims to viewing women as agents of change, emphasizing how women resist the negative impacts of restructuring or manage communal and family survival.¹⁹ Second, recent work in gender and development illustrates the

¹⁶See Lourdes Beneria and Gita Sen, "Accumulation, Reproduction, and Women's Role in Economic Development: Boserup Revisited," in *Women's Work: Development and the Division of Labor by Gender*, ed. Eleanor Leacock and Helen Safa (South Hadley, MA: Bergin and Garvey Publishers, Inc., 1986), 141-57; Marianne A. Ferber and Julie A. Nelson, eds., *Beyond Economic Man: Feminist Theory and Economics* (Chicago: University of Chicago Press, 1993); Pamela Sparr, ed., *Mortgaging Women's Lives: Feminist Critiques of Structural Adjustment* (Atlantic Highlands, NJ: Zed Books, Ltd., 1994); Sheila Rowbotham and Swasti Mitter, *Dignity and Daily Bread: New Forms of Economic Organising Among Poor Women in the Third World and the First* (New York: Routledge, 1994); Irene Tinker, *Persistent Inequalities: Women and World Development* (New York: Oxford University Press, 1990).

¹⁷In particular, see the introductory issue of the journal *Feminist Economics* published by Routledge *Feminist Economics* 1, no. 1 (Spring 1995).

¹⁸For a more extensive discussion about gender and scientific knowledge, see Sandra Harding, *Whose Science? Whose Knowledge? Thinking from Women's Lives* (New York: Cornell University Press, 1991).

¹⁹See, for example Alexander and Mohanty, *Feminist Genealogies*; Sonia E. Alvarez, *Engendering Democracy in Brazil* (Princeton: Princeton University Press, 1990); Christine E. Bose and Edna Acosta-Belén, *Women in the Latin American Development Process* (Philadelphia: Temple University Press, 1995); Elizabeth Dore, ed., *Gender Politics in Latin America: Debates in Theory and Practice* (New York: Monthly Review Press, 1997); Inderpal Grewal and Caren Kaplan, eds., *Scattered Hegemonies: Postmodernity and Transnational Feminist Practices* (Minneapolis: University of Minnesota Press, 1994); Goetz, "Getting Institutions Right"; Rounaq Jahan, *The Elusive Agenda: Mainstreaming Women in Development* (Atlantic Highlands, NJ: Zed Books Ltd., 1995); Naila Kabeer, *Reversed Realities: Gender Hierarchies in Development Thought* (New York: Verso, 1994); Valentine M. Moghadam, "Introduction: Women and Identity Politics in Theoretical and Comparative

emergence of strong analyses and advocacy led by women from "developing" countries. A pioneering work in this regard was written in 1985, to coincide with the Nairobi Third World Conference on Women, Development, Crisis and Alternative Visions: Third World Women's Perspectives²⁰ by DAWN (Development Alternative with Women for a New Era), a collective of third world women researchers and activists. The work of DAWN has continued to be exemplary in constructing a global network of some of the top feminist development scholar/activists that actively engages in debates both about development theory and development practices from feminist perspectives. Recent collections and analyses of gender and development continue to reflect the leadership of women from "developing countries."²¹ This trend is significant not only because it reflects a de-centering of expertise. It also brings once marginalized issues to the forefront of the development debate -- such as the relationship between globalization, international economic restructuring and interdependence, neo-colonialism, development and gender.

Grappling with the implications of these shifts demands that we re-examine the relationship between gender and development in light of contemporary social, political, economic and cultural transitions which are reshaping relations among

Perspective," in *Identity Politics & Women: Cultural Reassertions and Feminisms in International Perspective*, ed. Valentine M. Moghadam (Boulder, Colorado: Westview Press, 1994), 3-26; Lynn Stephen, *Women and Social Movements in Latin America: Power from Below* (Austin: University of Texas Press, 1997).

²⁰ Gita Sen and Caren Grown, *Development, Crises, and Alternative Visions: Third World Women's Perspectives* (New York: Monthly Review Press, 1987).

²¹ For examples, see Alexander and Mohanty, *Feminist Genealogies*; James and Busia, *Theorizing Black Feminisms*; Kabeer, *Reversed Realities*; Adrien Katherine Wing, ed., *Critical Race Feminism: A Reader* (New York: New York University Press, 1997).

and between individuals, families and communities, as well as within and between nations. Economic, social and political restructuring at the state and community level necessitate re-configured individual and household survival strategies and reconstructed approaches to development theory and policy in general. This becomes particularly crucial with regard to the construction of gender in relation to notions of economic independence, and, thus, the critical gaps in the theories developed and the practices which rest upon these theories. Grappling with the implication of these factors demands that the literature and practice of development be re-evaluated. I engage in such a re-evaluation by setting gender and economic independence as key concepts, in order to make interrelationship between economic and political structures, analyses and practices more explicit.

Questions of gender and development are, at their core, questions about politics—the distribution of power and privilege as well as resources and access to resources. As Ela Bhatt, founder of the Self-Employed Women's Association comments:

If we accept that women's problems will not be solved by the current course of development, then we are looking for a political solution; in other words, we are looking for methods of obtaining additional priority in state policies that will enable women to play constructive roles in national development.²²

Thus, empirical analyses of development questions must be sensitive to the political and social context in which development practices are design and implemented.

Indeed, I argue that it is important to expose these assumptions within a gender-sensitive approach, as well as to call for the integration of a gender analysis and a concern for women's empowerment with the larger enterprise of development

²² Ela Bhatt, "Toward Empowerment," *World Development* 17, no. 7 (1989): 1059-65. P. 1061.

policies and practices. Contemporary social, economic and demographic changes, combined with the expansion of global feminist movements, have engendered new questions for gender and development theories and practices. At the same time, these shifts present challenges to the broader practices of development.²³

Thus, we need a new language for understanding the locus or target of development as well as the relationship between how development “problems” are defined and solutions formulated. Recent feminist theories present some useful direction. In particular, the notions of the politics of needs interpretation,²⁴ normalizing practices,²⁵ and the general feminist critique of economic categories²⁶ can help us link women’s economic conditions and development strategies, to the political significance of women’s economic independence and agency.

Women’s roles and needs in development have historically been largely invisible and at best, inadequately understood. For example, the pioneering work of Boserup in 1970, illustrated to the development world that women are significant actors in development processes, and are affected by the composition of development strategies. Building on, and critiquing, the work of Boserup, a multifaceted literature now addresses the complex and diverse roles of women and

²³See Castells, Chapter 4, “The End of Patriarchalism: Social Movements, Family, and Sexuality in the Information Age, in Manuel Castells, *The Power of Identity* (Malden, MA: Blackwell Publishers Inc., 1997).

²⁴ Nancy Fraser, *Unruly Practices: Power, Discourse and Gender in Contemporary Social Theory* (Minneapolis, MN: University of Minnesota Press, 1989).

²⁵ Harding, “Feminist Thought.”

²⁶See Ferber and Nelson, *Beyond Economic Man*; Nancy Folbre, *Who Pays for the Kids? Gender and the Structures of Constraint* (New York: Routledge, 1994); Rowbotham and Mitter, *Dignity and Daily Bread*. See also the wide-ranging discussions about gender and the politics of economic in the journal *Feminist Economics*, published by Routledge.

gender in development processes.²⁷ At the same time, each successive attempt to address these needs has reflected a distinctive phase in development strategies reflecting changes in prevailing ideologies and economic paradigms. From 'welfare' to 'equity' to 'anti-poverty' to the current emphasis on 'efficiency' and 'empowerment,' the evolution of development planning and practices has been toward recognition of women's ability to make changes in their lives and in their communities²⁸ – in other words, a better understanding of what women can, and do, accomplish.

In this vein, microenterprise assistance has gained increasing popularity over the past twenty-five year, both internationally, and more recently in the U.S.²⁹ More donors are funding assistance projects as they realize the potential of microenterprises to increase growth and productivity and to give low-income women

²⁷ Haleh Afshar and Carolyn Dennis, eds., *Women and Adjustment Policies in the Third World* (New York: St. Martin's Press, 1992); Pamela Bakker, ed., *The Strategic Silence: Gender and Economic Policy* (Atlantic Highlands, NJ: Zed Books, Ltd., 1994); Ferber and Nelson, *Beyond Economic Man*; Nancy Folbre, et al., *Women's Work in the World Economy* (New York: New York University Press, 1992); Claudia Goldin, *Understanding the Gender Gap: An Economic History of American Women* (New York: Oxford University Press, 1990); Sparr, *Mortgaging Women's Lives*; Tinker, *Persistent Inequalities*; Guy Standing, "Global Feminization Through Flexible Labor," *World Development* 17, no. 7 (1989): 1077-95; Guy Standing, "Global Feminization Through Flexible Labor: A Theme Revisited," *World Development* 27, no. 3 (March 1999): 583-602.

²⁸For analyses about the progression of gender in development, see Amrita Basu, ed., *The Challenge of Local Feminisms: Women's Movements in Global Perspective* (Boulder: Westview Press, 1995); Beneria and Sen, "Accumulation and Reproduction.," Ester Boserup, *Women's Role in Economic Development* (London: Allen and Unwin, 1970); Anne Marie Goetz, "Feminism and the Claim to Know: Contradictions in Feminist Approaches to Women in Development," in *Gender and International Relations*, ed. Rebecca Grant and Kathleen Newland (Bloomington: Indiana University Press, 1990), 133-57; Kabeer, *Reversed Realities*; Carolyn O.N. Moser, "Gender Planning in the Third World: Meeting Practical and Strategic Needs," in *Gender and International Relations*, ed. Rebecca Grant and Kathleen Newland (Bloomington: Indiana University Press, 1991), 83-121; Catherine V. Scott, *Gender and Development: Rethinking Modernization and Dependency Theory* (Boulder, CO: Lynne Rienner Publishers, Inc., 1995); Tinker, *Persistent Inequalities*.

²⁹See Chapter 3 for my discussion about the growth of microenterprise assistance as a development strategy.

greater access to resources. Many government and nonprofit agencies now see women's economic activities as crucial to the survival of their families and communities. At the same time, however, many other social policies are turning punitive, "disciplining" women who are not "economically" active, as defined by paid work in the formal workforce. Welfare-to-work strategies, for example, taken up by state governments in the U.S. as a result of welfare "reform," generally disregard women's non-formal and non-market work, even while they provide a limited amount of increased technical and "job-readiness" training. These examples of welfare reform and the trends in policy debates about gender and development show that even while there have been moves toward understanding the broader political and social context of development policies and practices, this has not entirely taken firm hold. There remains a tendency to ignore the broader context of gender relations within which approaches to development are embedded.

Women as Microentrepreneurs Internationally

Women throughout the world turn to self-employment and small business ownership in their search for survival, self-sufficiency and economic independence. Yet, even while small business resonates as an American ideal, the domestic movement to build women's microenterprises has looked to the so-called "Third World" for inspiration and examples, at the same time that they expand on domestic traditions of community and economic development. Microenterprise assistance projects have been operating in the developing world for about three decades, with many successful and increasingly large-scale endeavors. Information about program structure, funding, successes and failures have provided the basis and

models for most assistance projects in the United States.

Research about women-run microenterprises throughout Africa, Asia, the Caribbean, and Latin America, provides extensive cross-national information about the programs that assist women microentrepreneurs and the ways in which programs designed, how gender differences are understood and addressed, and how these are interpreted into the effort to balance economic and social goals. Wide-ranging data on women and microenterprise internationally³⁰ allows for a broad perspective on the myriad factors which present obstacles or opportunities to women's entrepreneurship and women's economic agency.

IV. Microenterprise Assistance

In the last twenty years a wide variety of microenterprise assistance programs have been founded to help low-income women entrepreneurs overcome the barriers to their economic independence, such as discrimination against women and lack of access to credit, resources, support, and advocacy. My research examines these assistance programs, using *gender sensitivity* and *sustainability* as central categories of analysis. By *gender sensitivity* I mean whether "the choices institutions create for women are gender-constrained, in the sense that they create environments which embed women's perceptions of their own interests in a narrow

³⁰Extensive documentation about the practices of microenterprise assistance, and the experience of women microentrepreneurs in a wide range of countries has been collected by the GEMINI Project (Growth and Equity through Microenterprise Investments and Institutions). GEMINI is a joint project of Development Alternatives, Inc., Michigan State University, ACCION International, Management Systems International Inc., Opportunity International, Technoserve and World Education, and can be reached through Development Alternatives Inc., in Bethesda, MD.

range of gendered subjectivities.”³¹ It is precisely attention to these “gendered subjectivities” and the translation of this attention into development programs that refine their programs with the differences in women’s and men’s experiences in mind, that is the core of *gender sensitivity*. I use *sustainability* in a particular sense, to understand how organizations committed to facilitating women’s empowerment balance two of the primary tensions in their efforts to secure women’s economic independence and agency: balancing economic and social goals and negotiating an emphasis on individual advancement with a concern for engendering community development.³² Specifically, I look at how organizations’ understanding of the gender structuring of the economy³³ is manifested in their programming.

Given the increased salience of microenterprise and self-employment strategies for women’s economic development, I explore how three organizations which provide microenterprise assistance to low-income women implement a concern with *gender sensitivity*. I evaluate the impact of these ideas and practices by looking at how each of the three organizations approach a small piece of *sustainability*, which, in this analysis is confined to the organizations’ efforts to balance economic and social goals, and their attempts to negotiate a concern with individual advancement with an interest in community development. Here, I argue that organizational perspectives on *sustainability* and *gender sensitivity* shape the

³¹ Goetz, "Getting Institutions Right." P. 23.

³²I discuss *gender sensitivity* and *sustainability* in more depth in Chapters 4 and 5.

³³By *gender structuring of the economy* I mean the systematic ways that the social construction of gender is manifested in economic practices. Thus, for example, some forms of work come to be defined as “women’s work” or “men’s work,” as though these are natural, rather than historical.

mission of the organization, their methodology, and their process of evaluation. One of the central dilemmas that assistance programs face illustrates the challenge microenterprise poses for women activists everywhere. Too often women's microenterprise organizations find themselves forced to choose between creating a programs with a **broad** reach – i.e. providing assistance to significant numbers of women, with a concern for having a **deep** impact – i.e. assisting each individual intensively.

A variety of models are utilized throughout the world to provide microenterprise assistance, with differing ideological positions embedded in the determination of the organization's mission, the population they target, and the methodology they employ. The program models range from 'minimalist' ones that concentrate on providing key services such as credit, to 'integrated' models that offer, in addition, a range of business development and support services. The approaches and goals of programs vary widely. Some focus on helping desperately poor women enter "safe" sectors which offer small, but steady income potential. Others are concerned with making existing women's enterprises more secure or profitable, as well as encouraging women to enter more lucrative sectors. Still others emphasize empowerment and structural change, and seek to develop women's self-esteem, social analysis skills and community participation while helping them meet their basic needs.

I argue that the discourse of development or the interpretation of need³⁴

³⁴In her discussion of the politics of needs interpretation, Fraser develops the argument that programs do not simply respond to objective analysis of "need," but rather interpret conditions in a highly political process which translates experience into programs and policies. See Fraser, *Unruly Practices*; Fraser and Gordon, "Genealogy of Dependency." Sandra Harding refers to these as

within which programs define their philosophy and goals, and the unexamined assumptions within this discourse, creates dilemmas at the level of how agencies construct their programs. More often than not, microenterprise assistance organizations (or community-based organizations more generally) are posed with a tension between emphasizing individual advancement and community development. I explicitly examine this tension in my analysis of three microenterprise organizations. At the same time, however, agencies have found that they must pursue diverse strategies to serve their clients. Indeed, the strategies they pursue are related to how they understand the mission of the organization and the political and economic context in which it is embedded. Organizations may directly lend to poor women, start small enterprises, or initiate cooperatives. Moreover, some programs build upon existing networks (such as local support mechanisms and savings associations) and trust within the community. Research on women's experiences with microenterprise assistance programs suggests that organizations that build on, or reconstruct local women's networks, attract the most participation of low-income women.³⁵

In my analysis, a more broad-ranging and comprehensive approach is called

"normalizing practices" in Harding, "Feminist Thought"

³⁵See, for instance, Brooke Ackerley, "What's in a Design? The Effects of NGO Programme Delivery Choices on Women's Empowerment in Bangladesh," in *Getting Institutions Rights for Women in Development*, ed. Anne Marie Goetz (New York: St. Martin's Press, 1997), 140-60; Marguerite Berger, "An Introduction," in *Women's Ventures: Assistance to the Informal Sector in Latin America*, ed. Marguerite Berger and Mayra Buvinic (Hartford, CT: Kumarian Press, 1989), 1-18; Marguerite Berger, "Key Issues on Women's Access to and Use of Credit in the Micro- and Small-Scale Enterprise Sector," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 189-216; Jeanne Downing, *Gender and the Growth and Dynamics of Microenterprises*, GEMINI Working Paper No. 5 (Bethesda, MD: Development Alternatives, Inc., 1990); Aruna Rao and David Kelleher, "Engendering Organizational Change: The BRAC Case," in *Getting Institutions Right for Women in Development*, ed. Anne Marie Goetz (New York: St. Martin's Press, 1997), 123-39.

for, yet the current political and economic climate make this unlikely. While support for microenterprise is strong across the political spectrum in the U.S., the emphasis remains firmly on economic efficiency. At the same time, community-based organizing which seeks political efficacy as well as economic development has become increasingly sophisticated, and some efforts are being made to integrate microenterprise development into broader community development agendas. It is therefore crucial to more deeply examine the relationship between political and economic empowerment as aspects of community economic development.

V. Methodology: microenterprise as microdevelopment

My exploration of microenterprise as a form of gendered micro-development explores the implications of microenterprise assistance for community and economic development policy and proposes alternative criteria for evaluation. I examine microenterprise lending and training focusing on two areas. First, by evaluating the *gender sensitivity* of three organizations which provide microenterprise assistance to low-income women in the U.S., I show how viewing gender as constitutive of "development" reframes the manner in which we assess microdevelopment, and in particular, how development practices can resist or reinforce traditional gender constructs. Second, I explore the interplay of economic and social goals and individual and community development as elements of *sustainability*.

In undertaking these case studies, I look at the manner in which different assumptions about *sustainability* and *gender sensitivity*, and different practices of

power are inscribed into the micro-process of development in constructing microenterprise development programs. I have sought to take apart the practices of three microenterprise assistance organizations in the U.S. which target women, to find clues about how microenterprise, and therefore development, is understood and constituted. In particular, I look at whether poverty is viewed by the assisting organizations as the result of individual failures or as a consequence of structural constraints. This distinction is at the heart of whether organizations gear their programming to contesting the gender structuring of the economy in which women, as a group, are economically, politically and socially disadvantaged. Indeed, some women (such as women of color and immigrant women) may face economic, social and political disadvantages because of discrimination on the basis of gender, race, and ethnicity.

Data Collection and Analysis

My analysis of microenterprise utilizes three forms of data. First, I have extensively reviewed secondary data about women's experience in microenterprises internationally, in the form of monographs, studies and reports from such agencies as the GEMINI project,³⁶ ACCION International, and UNICEF (the United Nations Children's Fund). I have also examined aggregate information about the practice of microenterprise assistance, both in the U.S. and internationally, based on information produced by organizations such as the World Bank, the International Labour Organization, in addition to assessment prepared by development scholars and practitioners. Third, I have developed detailed qualitative information on three

³⁶See footnote 20.

microenterprise assistance projects in the U.S. I selected these three organizations for several reasons. First, they each have a strong commitment to targeting women in their microenterprise assistance. Second, they operationalize this concern in different ways. Most importantly, they primarily employ different methodologies as they assist low-income women in starting their own businesses.

The three organizations I examine are:

1) *Coastal Enterprises Inc.* (Wiscasset, Maine). CEI focuses on sectoral intervention using economic collaborative strategies. This includes customized clinics for specific populations or industries. They were founded in 1977 and they provide financing and technical assistance to small business in Maine that promise income, employment or ownership opportunities for low income people.

2) *Cooperative Economics for Women* (Boston, Massachusetts). CEW helps low-income women in the Roxbury and Dorchester sections of Boston organize within their communities to form worker-cooperatives. Through teaching women the skills necessary to operate cooperatives and the provision of small business assistance, CEW tries to help women overcome educational and financial barriers to earning a secure livelihood. The training emphasizes both business skills and "economic literacy."

3) *Urban Women's Center* (Trenton, New Jersey). The UWC was created as a project of the New Jersey State Federation of Colored Women's Societies, and receives core support from the State of New Jersey's Division on Women. A multi-service agency, the UWC has taken up business development, and more recently group lending, as among its primary strategies for assisting their target population. They are also in the process of developing a small business incubator project, to work in tandem with the business development training and the solidarity lending programs.

Information about these three projects was gathered through interviews with staff and clients of the organizations,³⁷ an examination of each organization's printed materials, non-participant observation of meetings, as well as interviews with microenterprise and community economic development specialists. Interviews were

³⁷ I conducted 12 interviews at Coastal Enterprises Inc., 8 at Cooperative Economic for Women, and 6 at the Urban Women's Center. I also conducted interviews with 7 microenterprise development specialists.

conducted with the staff at each organizations who are primarily responsible for their work which targets women. I interview the staff persons in charge of their work on women three times, and several other staff in each organization who work on these programs. The number of staff interviewed at each organization (in total, six at CEI; four at CEW; and two at the UWC) as well as the number of program participants I interviewed (six at CEI; three at CEW; and four at the UWC) reflects the size difference in the organizations. My open-ended interview with program staff lasted one-two hours. I sought in these interviews to understand the organizations' purpose, their views about women and gender, their priorities regarding economic and social goals, and their understanding of the organizations' goals regarding assisting individuals and facilitating community development. In my interviews with program participants (approximately one hour each), I explored their experience of participation, and particularly, their evaluation of the impact of their participation on their business endeavors and their lives. My interviews with microenterprise and community economic development experts were varied, ranging from one to three hours. I attempted, in these conversations, to garner more of an overview of the practices of microenterprise in the U.S. and the tensions that assisting organizations confront. I was also involved as a participant-observer in several meetings at each organization between program staff and program participants.

In addition to my work with these three organizations, I have also participated in a number of other fora where the relationship between gender and microenterprise was addressed. For example, in 1993 I was invited to observe a meeting sponsored by UNICEF on Supporting Women's Income-Generating and

Productive Strategies. This meeting sought to determine the best practices in assisting women's productive strategies, with microenterprise assistance as the central strategy addressed, and to evaluate the "comparative advantage" for purposes of funding among donors. In addition, I drafted the report of this meeting.³⁸ I have also participated in a series of discussions about women's microenterprise with Alt-WID/NY (Alternative Women in Development/NY), a study/research group of feminist economics and human rights educators.³⁹ Finally, I have participated in and organized a variety of conversations about the common struggles of women in the developing and developed world to gain economic, political and social empowerment. In particular, I coordinated a group of 10 women from 8 countries to articulate a human rights critique of the relationship between gender and economic development. I then orchestrated a public event at which this group presented their "testimonies," in Copenhagen at the UN World Summit on Social Development in March 1995.⁴⁰

Through my analysis of the interviews, printed materials, and observation, I examine the similarities and differences in each project's mission, the population they target, and the methodology they use. The core of data involves the analysis of the three case studies, focusing particularly on the organization's philosophy and the structure and implementation of its programs around two main themes:

³⁸ UNICEF, *Assisting Women's Income-Generating and Productive Activities*, Conference Report (New York: UNICEF, Evaluation Unit, 1994).

³⁹As part of Alt-WID/NY, I prepared the initial draft of a policy statement about support for women's microenterprise. A draft of the policy statement is included as Appendix 3.

⁴⁰ Center for Women's Global Leadership, *From Vienna to Beijing: The Copenhagen Hearing on Economic Justice and Women's Human Rights* (New Brunswick, NJ: Center for Women's Global Leadership, 1995).

sustainability and gender sensitivity. The three organizations I have selected for more detailed analysis represent a range of organizational, economic and political philosophies. While they share many of the specific lending and training practices, they operate in varying contexts. For instance, their participants are drawn from varying racial and ethnic communities. Coastal Enterprises Inc. works primarily with Euro-American women (as the vast majority of Maine residents are white), although they also work with refugee resettlement projects in Portland, Maine. Cooperative Economics for Women works with "women of color," immigrant women" and women survivors of domestic violence. The Urban Women's Center primarily serves African-American women. Each organization negotiates assisting individuals and concentrating on group and community organizing in particular ways, as I discuss in detail in Chapter 5. The organizations also represent a range of consideration of gender: one works exclusively with women (Cooperative Economics for Women, Boston, Massachusetts); one works primarily with women (Urban Women's Center, Trenton, New Jersey); and the third targets women among a range of specialized populations served (Coastal Enterprises Inc., Wiscasset, Maine). Their predominant methodologies also differ: Coastal Enterprises Inc. primarily lends to individual microentrepreneurs; the Urban Women's Center's programs are training-led, but include group lending and other forms of personal support; Cooperative Economics for Women helps to create and support worker cooperatives owned and operated by low-income and disadvantaged women.

In my analysis of these three microenterprise assistance organizations, I focus on: the mission and anticipated outcomes of each organization; the

populations they target; and the methodology of microenterprise assistance they employ. I use this data to assess the political, economic and gender implications of the differing approaches to microenterprise development, focusing particularly on the ways that the meaning of *sustainability* and *gender sensitivity* shape program goals and processes. I pay particular attention to the political philosophy of each organization, which ranges from a primary concern with building entrepreneurship as a means of poverty alleviation, to a focus on helping women generate more income and assets while building a political movement. In doing so, I highlight the relationship between economic and political agency in the development process.

VI. Research Questions

The research questions which undergird this analysis can be roughly divided into two categories. First, I ask whether and how gender constructs and political/economic ideologies are embedded into projects? I argue that the integration of particular analyses of gender – particularly the gender structuring of the economy – often occurs in an unexamined manner which takes form in programming. It is my contention that unexamined assumptions of traditional development theory about economic agency and efficiency clash with actors who are not “*homo economicus*”⁴¹ or rational economic men.

With this in mind, I ask whether assumptions about “*homo economicus*” are translated into organizational practices and/or to what extent gendered assumptions

⁴¹A number of feminist economists have used the phrase “*homo economicus*” to refer to the rational, atomized, male actor upon whom traditional economic theory relies for its assumptions. See Ferber and Nelson, *Beyond Economic Man*.

are contested by organizational practices. Therefore, I investigate how organizations providing microenterprise assistance to women construct their programs, both conceptually and programmatically. Critical in this regard is the manner in which the organizations negotiate disjunctures between program philosophy, economic conditions, women's economic constraints/ opportunities, need for organizational development and concern with successful outcomes. Clearly, the definition of success upon which each organization relies is a crucial factor in my analysis.

Second, to what extent does the clash between organizational practices and traditional development assumptions indicate gaps in development theories and planning? In other words, I ask whether *economic* and *social* goals are in tension (as is often assumed⁴²) or can be considered as complementary? To the extent that I identify gaps, in what ways does this suggest the need for a revised framework for evaluation/conceptualization? In order to investigate these questions, I look at the discourse and concepts upon which the organizations depend. For instance, do they formulate program goals which include women's "empowerment?" How, indeed, do they construct women "needs?"⁴³

IV. Structure of the Argument

Chapter 2, Gender structuring and microenterprise I review international and U.S. data on women's experiences as microentrepreneurs. In it, I draw a

⁴²See, for instance, Maria Otero and Elisabeth Rhyne, *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor* (West Hartford, CT: Kumarian Press, 1994).

⁴³As defined by Fraser, *Unruly Practices*.

picture of the landscape that low-income women face as they assess their opportunities and constraints as would-be microentrepreneurs. I show how the persistence of “gender structuring” is a critical aspect of this assessment, as it presents structural obstacles that women face in the economy in general, and as microentrepreneurs in particular.

In **Chapter 3, The practices of microenterprise assistance**, I set out the general themes and debates over microenterprise assistance, looking first at the development of these debates in an international context, and then the translation of these discussions into U.S. practices. I show the increased usage of microenterprise assistance as an economic and social development strategy in the U.S., and the growing support for such strategies among government agencies.

Having set out the broad contours of women’s microenterprise experiences and the practices of microenterprise assistance, I turn in **Chapter 4, Overview of the Case Studies: Mission, Target Population, and Methodology**, to an overview of my three case study organizations: Coastal Enterprises Inc. (Wiscasset, Maine), Cooperative Economics for Women (Boston, Massachusetts), and the Urban Women’s Center (Trenton, New Jersey). In this chapter, I focus on each organization’s mission, the populations they target and the primary methodology they each employ.⁴⁴

In **Chapter 5, Gender Sensitivity and Sustainability: Balancing and Negotiation**, I assess the gendered practices of the three organizations,

⁴⁴Klein identifies these as the three key dimensions for reviewing microenterprise assistance. See Joyce Klein, *The Status of the Microenterprise Field*, Report (Washington, D.C.: Corporation for Enterprise Development, 1994). Quoted in Servon, “Reconstructing Urban Poverty Policy.” P. 113-114.

highlighting the similarities and differences in the organizations, based particularly on the difference ways in which they interpret *sustainability* and *gender*. I then delve more deeply into the discourse and practices of the three organizations, and presents an intensive analysis of the meanings they ascribe to *sustainability* and *gender*, and the implications of these ascriptions for the definitions of “success” they employ and the methods they use for evaluation. In doing so, I draw on feminist theory and gender and development scholarship to suggest some gaps in how we most commonly assess development practices, and I an alternative perspective that is rooted in a rights-based approach to gender.

Finally, **Chapter 6, Women as Micro-citizens?** summarizes my analysis, and explores in more depth the implications of, and possibilities of employing a rights-based approach to gender as a framework for evaluating the potential and outcomes of development projects. I use this to suggest some of the policy implications of alternative evaluation methods that are gender-sensitive and substantively address the obstacles created by gender structuring in both economic and political realms.

V. Conclusion

At their best, microenterprise and self-employment programs provide women with the means for survival, security and growth. They can lead to changes in women's perceptions of themselves and their roles in their families and communities, and lead to women's individual and group empowerment. As a form of local development, microenterprises can play a vital role in creating and

strengthening local small businesses.

Yet, while a number of U.S. microenterprise assistance programs target women, their analysis of gender as linked to their efforts to balance economic and social goals and to negotiate individual and community development have not been adequately explored. My research seeks to fill this gap by illustrating how an analysis of *gender sensitivity* and *sustainability* allow for a deeper understanding of how unarticulated presuppositions about gender are manifested in organizational programming. The policy implications of microenterprise require a more systematic treatment, linked to community economic development policy and practices.

However, I argue, microenterprises are not the solution to poverty nor to structural discrimination based on gender, race, class, ethnicity and culture. Understandably, most microenterprise assistance programs tend to remain very small.. They are on the whole powerless to change the structure that channels women into a few of the worst paid and least secure sectors. And, in my view, development practices that leave structural discrimination intact are failures of development. In other words, microenterprise assistance programs alone will not engender women's economic independence.

Chapter 2: Gender Structuring and Microenterprise

Microenterprise is the heart of development because microenterprise programs work—they lift women and families out of poverty. It's called 'micro,' but its impact on people is macro. We have seen that it takes just a few dollars, often as little as \$10, to help a woman gain self-employment, to lift her and her family out of poverty. It's not a handout; it's a helping hand - Hillary Rodham Clinton¹

I. Introduction

Despite the rosy picture painted by such luminaries as Hillary Rodham Clinton, Mohammad Yunus (founder of the Grameen Bank in Bangladesh), and many other promoters of microenterprise, the route to (micro)success is far more circuitous than it is often portrayed, particularly for low-income women of all races and cultures. Structural factors intersect with personal characteristics to present opportunities and constraints to low-income women as they consider microentrepreneurship, or as Carr concludes in a review of women's self-employment in the U.S.:

women's self-employment cannot be succinctly described as a reaction to structural constraints or as a choice guided solely by the availability of skills and resources. *Rather, women's self-employment decision reflects a combination of choice within structural constraints [italics mine].*²

In this chapter, I present a picture of the context in which would-be women microentrepreneurs operate. This picture emphasizes those factors which constitute both the structural and the individual constraints women

¹Address to the Preparatory Meeting of the Microcredit Summit, quoted in Tracy Bachrach Ehlers and Karen Main, "Women and the False Promise of Microenterprise," *Gender & Society* 12, no. 4 (August 1998): 424-40. P. 425.

²Deborah Carr, "Two Paths to Self-Employment?: Women's and Men's Self-Employment in the United States, 1980," *Work & Occupations* 23, no. 1 (February 1996): 26-53. P. 37

microentrepreneurs confront. Along with a number of other analysts of women's microentrepreneurship,³ I argue that microenterprise provides a tenuous route out of poverty for most women. Rather, because of systemic gender structuring and discrimination, the businesses women are most likely to initiate are those with the lowest returns and the greatest competition. As a result, as I take up more extensively in Chapter 4, those microenterprise lending, training and technical assistance programs that seriously address the structural constraints as well as individual skill building, offer women the best opportunity for successful self-employment or small business ownership and, consequently, a path out of poverty.

I set my analysis within the context of the literature on gender, development and political economy. This scholarship consistently documents that women enter formal and informal economies with different opportunities and constraints than men.⁴ Most often, these differentials work to the disadvantage of women, either because of cultural expectations attached to gender roles (such as the predominant notion that women are primarily responsible for family care giving), or because of structural conditions (including overt discrimination against women exacerbated by

³For instance, Ehlers and Main, "Women and the False Promise of Microenterprise.;" Lisa J. Servon and Timothy Bates, "Microenterprise as an Exit Route from Poverty: Recommendations for Programs and Policy Makers," *Journal of Urban Affairs* 20, no. 4 (1998): 419-41; Roberta Spalter-Roth, Enrique Soto and Lily Zandniapour, *Micro-Enterprise and Women: The Viability of Self-Employment as a Strategy for Alleviating Poverty* (Washington, D.C.: Institute for Women's Policy Research, 1994).

⁴See, for example Marguerite Berger, "Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty," *World Development* 17, no. 7 (1989): 1017-32; Martha Chen, Jennefer Sebstad and Lesley O'Connell, "Counting the Invisible Workforce: The Case of Homebased Workers," *World Development* 27, no. 3 (March 1999): 603-10; Caren Grown and Jennifer Sebstad, "Introduction: Toward a Wider Perspective on Women's Employment," *World Development* 17, no. 7 (1989): 937-52; Cathy A. Rakowski, "Introduction: What Debate?" in *Contrapunto: The Informal Sector Debate in Latin America*, ed. Cathy A. Rakowski (Albany, NY: State University of New York Press, 1994), 3-10; Guy Standing, "Global Feminization Through Flexible Labor: A Theme Revisited," *World Development* 27, no. 3 (March 1999): 583-602.

discrimination against ethnic and racial minorities, the state of the economy, etc.), or sex segregation in education, training and job opportunities.⁵ These patterns of gender structuring of the economy intersect with other forms of structural disadvantage and discrimination (e.g. race, immigrant status, ethnicity, culture, sexual orientation, class, physical ability, etc.) to construct the landscape of opportunities and obstacles faced by women as they consider self-employment or microenterprise.⁶

In order to better understand women's experiences as small-scale entrepreneurs and the potential impact of microenterprise lending, training and technical assistance, I discuss the context in which assistance takes place, with attention to the need to understand the "social location" of microentrepreneurs.⁷

⁵For a discussion about the gender division of labor in the U.S. see Teresa L. Amott and Julie A. Matthaei, *Race, Gender & Work: A Multicultural Economic History of Women in the United States* (Boston: South End Press, 1991); Claudia Goldin, *Understanding the Gender Gap: An Economic History of American Women* (New York: Oxford University Press, 1990). For a broad international picture, see Guy Standing, "Global Feminization Through Flexible Labor," *World Development* 17, no. 7 (1989): 1077-95; Standing, "Global Feminization Revisited."

⁶The impact of gender structuring of women's and men's different and unequal economic opportunities has been dealt with at length in the literature on gender and development and gender and the economy. See for example, Haleh Afshar and Carolyn Dennis, eds., *Women and Adjustment Policies in the Third World* (New York: St. Martin's Press, 1992); Tuovi Allèn, "Economic Development and the Feminisation of Poverty," in *Women's Work in the World Economy*, ed. Nancy Folbre, et al. (New York: New York University Press, 1992), 107-19; Pamela Bakker, ed., *The Strategic Silence: Gender and Economic Policy* (Atlantic Highlands, NJ: Zed Books, Ltd., 1994); Marianne A. Ferber and Julie A. Nelson, eds., *Beyond Economic Man: Feminist Theory and Economics* (Chicago: University of Chicago Press, 1993); Nancy Folbre, et al., *Women's Work in the World Economy* (New York: New York University Press, 1992); Goldin, *Understanding the Gender Gap*; Grown and Sebstad, "Introduction.;" Pamela Sparr, ed., *Mortgaging Women's Lives: Feminist Critiques of Structural Adjustment* (Atlantic Highlands, NJ: Zed Books, Ltd., 1994); Irene Tinker, *Persistent Inequalities: Women and World Development* (New York: Oxford University Press, 1990); Standing, "Global Feminization.;" Standing, "Global Feminization Revisited."

⁷Social location refers to the interaction of political and economic conditions with "identity" categories, such as gender, race, ethnicity, culture, sexual orientation, etc. For more discussion about this term, see L. Lamphere, et al., *Sun Belt Working Mothers: Reconciling Family and Factory* (New York: Cornell University Press, 1993). See also M. Jacqui Alexander and Chandra Talpade Mohanty, "Introduction: Genealogies, Legacies, Movements," in *Feminist Genealogies, Colonial Legacies, Democratic Futures*, ed. M. Jacqui Alexander and Chandra Talpade Mohanty (New York:

In particular, I show that the concentration of women's microenterprises in particular economic sectors both internationally and in the U.S., presents opportunities and obstacles to most women (especially low-income women) who seek to become self-sufficiency or economically independent through microentrepreneurship. In addition, I highlight some of the main types of legal and regulatory practices that define the stage for women's microenterprises. These structural factors circumscribe the range of choices for would-be women microentrepreneurs.

To complete the picture, I review the state of knowledge about the experience of women microentrepreneurs. The vast majority of information about women's experiences with microenterprise comes from the developing world. Indeed, the international development community has undertaken research on, and provided support for, women's self-employment and small enterprise initiatives for almost thirty years. The most well-known projects -- like the Grameen Bank, ACCION International, the Self-Employed Women's Association, for instance, have been strong influences on, or even models for, more recent projects in the U.S.

In assessing the literature about women's microenterprises -- both internationally and within the U.S. -- and data on women-owned businesses in the U.S., I show that women's economic disadvantage, lack of economic independence, and unequal patterns of employment in the formal economy are often reconstituted in self-employment and microenterprise. Unfortunately, all too often, programs which assist women microentrepreneurs inadequately address the relationship

Routledge, 1997), xiii-iii; Manuel Castells, *The Power of Identity* (Malden, MA: Blackwell Publishers Inc., 1997); Valentine Moghadam, *Identity Politics and Women: Cultural Reassertions and Feminisms in International Perspective* (Boulder: Westview Press, 1994).

between structural disadvantage and individual choice. As a result, microenterprise scholars and practitioners often observe gaps between those who are most often successful microentrepreneurs - married, educated men -- and those who are often targeted by assistance projects -- low-income women, often living without a spouse.⁸

The analysis of women's experiences as microentrepreneurs can help to sharpen our understanding of the ways in which the current analysis of development relies upon problematic, and troubling, assumptions. Since microenterprise is an increasingly popular, or even model development strategy, it plays a symbolic role in debates about development assistance. However, more often than not, microenterprise assistance programs, like development assistance more generally, incorporates dominant development paradigms that inaccurately depict both the circumstances of individuals involved in the process of "development" and the structures in which they are embedded.

This paradigm has a grip beyond the "third world," to which it most commonly refers. I content that it can also be regarded as a critical element in contemporary debates over economic policy in the US. Recent public debates have touched upon the perception of both political and economic crises in the U.S. The political crisis is founded upon a concern about the alienation inherent in the low rates of voting, for instance, or a lack of civic involvement or communitarian spirit.⁹ In some

⁸ Servon and Bates, "Microenterprise as an Exit Route from Poverty." P. 429

⁹See for example, Alan Brinkley, "Liberty, Community, and the National Idea," *The American Prospect*, no. 29, November-December 1996: 53-59; Amitai Etzioni, *The Spirit of Community: Rights, Responsibilities, and the Communitarian Agenda* (New York: Crown Publishers, Inc., 1993); Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993); Robert D. Putnam, "The Strange Disappearance of Civic America," *The American Prospect*, no. 24, Winter 1996: 34-49; Michael Schudson, "What If Civic Life Didn't Die?" *The American Prospect*, no. 25, March-April 1996: 17-20; Theda Skocpol, "Unravelling From

instances the discussion about civic participation has been framed as a question of social capital, or the lack thereof, thereby implicitly implicating structural conditions as part of the cause of the lack of communal concern.¹⁰ At the level of an economic crisis, the current debate takes up a contradiction: given that economic indicators show the US economy to be strong and vigorous, why is there such pervasive economic insecurity? Yet, these are not unconnected debates, and, I argue, derive from the very construction of "development" upon which we rely. This construction is marked by a divorce of the notions of economic and political development from each other. Further, it presents the notion of economic development and economic growth as though these are objective, rather than normative, concepts. Moreover, individual freedom and economic independence are unproblematically connected.

The consistent separation of individual advancement from community development, and the presentation of economic and social goals as contradictory rather than complementary, are manifestations of these trends in the discourse of development.

II. Gender and Development

Gender and development theorists have been engaged in assessing the relationship between gender, the economy and women's work for nearly thirty years. From the early work of Ester Boserup in 1970 to the present, analysts of gender in

Above," *The American Prospect*, no. 25, March-April 1996: 20-25.

¹⁰See for example, William A. Galston, "Won't You Be My Neighbor?" *The American Prospect*, no. 26, May-June 1996: 16-18; Alejandro Portes and Patricia Landolt, "The Downside of Social Capital," *The American Prospect*, no. 26, May-June 1996: 18-21; Putnam, "The Strange Disappearance of Civic America."; Skocpol, "Unravelling From Above."

development planning, theories and practices have been critical of traditional development processes and assumptions. Many key issues have been raised by these scholars, which reflect the state of the economy at any particular moment, the dominant trends in economic policy and planning which corresponds to those conditions, and the state of feminist and gender perspectives in the development process. Gender and development analyses emerge from multiple disciplinary locations in the academy and reflect widely divergent political perspectives. Many, but not all, reveal an engagement with Marxist theories and owe a clear debt to work on dependency and development.¹¹ Others exhibit a more eclectic approach, often with clear ties to their disciplinary "home."¹² The concerns of gender and development scholars are also wide-ranging: from "adding women" to addressing the invisibility of gender in development;¹³ to gender, development and the structure

¹¹See, for example, Lourdes Beneria and Gita Sen, "Accumulation, Reproduction, and Women's Role in Economic Development: Boserup Revisited," in *Women's Work: Development and the Division of Labor by Gender*, ed. Eleanor Leacock and Helen Safa (South Hadley, MA: Bergin and Garvey Publishers, Inc., 1986), 141-57; Gita Sen and Caren Grown, *Development, Crises, and Alternative Visions: Third World Women's Perspectives* (New York: Monthly Review Press, 1987).

¹²See, for example, Judith Bruce, "Homes Divided," *World Development* 17, no. 7 (1989): 979-91; Nancy Folbre, "The Black Four of Hearts: Toward a New Paradigm of Household Economics," in *A House Divided: Women and Income in the Third World*, ed. Daisy Dwyer and Judith Bruce (Palo Alto: Stanford University Press, 1988), 248-89; Cynthia Enloe, *Bananas, Beaches and Bases: Making Feminist Sense of International Politics* (Berkeley: University of California Press, 1990); Maria Patricia Fernandez-Kelly, "Mexican Border Industrialization, Female Labor Force Participation, and Migration," in *Women, Men and the International Division of Labor*, ed. June Nash and Maria Patricia Fernandez-Kelly (Albany: State University of New York Press, 1983), 205-23; Carolyn O.N. Moser, "Gender Planning in the Third World: Meeting Practical and Strategic Needs," in *Gender and International Relations*, ed. Rebecca Grant and Kathleen Newland (Bloomington: Indiana University Press, 1991), 83-121; June Nash and Maria Patricia Fernandez-Kelly, *Women, Men and the International Division of Labor* (Albany: State University of New York Press, 1983); Tinker, *Persistent Inequalities*; Marilyn Waring, *If Women Counted: A New Feminist Economics* (New York: HarperCollins, Publishers, 1988).

¹³For example, Ester Boserup, *Women's Role in Economic Development* (London: Allen and Unwin, 1970); Enloe, *Bananas, Beaches and Bases*; Kathlenn Staudt, ed., *Women, International Development, and Politics: The Bureaucratic Mire* (Philadelphia: Temple University Press, 1990).

of trade;¹⁴ to discussions of the difference between focusing on women and on gender in development, noting the problematic "construction" of the "third world woman."¹⁵ Recently a number of gender and development scholars have sought to better understand the construction of "gender" and the structure of the economy as deeply intertwined.¹⁶ Often this scholarship has a distinctly policy-oriented cast.

Initial work in the field of gender and development focused on making visible women's contribution to the development process. Moser has identified five policy approaches to assisting low-income Third World women, and notes that these reflect changes in conceptual models of development itself.

Since the 1950s, a diversity of interventions has been formulated, not in isolation but reflecting changes in macro-level economic and social policy approaches to Third World Development. Thus the shift in policy approach toward women, from 'welfare' to 'equity' to 'anti-poverty'... to...'efficiency' and 'empowerment', has mirrored general shifts in Third World development policies, from modernization policies of accelerated growth through basic needs strategies associated with redistribution to the more recent compensatory measures associated with structural adjustment policies ¹⁷

¹⁴See Susan Joekes and Ann Weston, *Women and the New Trade Agenda* (New York: UNIFEM, 1994); Sparr, *Mortgaging Women's Lives*; Kathryn Ward, ed., *Women Workers and Global Restructuring* (New York: ILR Press, Cornell University, 1990).

¹⁵For example, see Anne Marie Goetz, "Feminism and the Claim to Know: Contradictions in Feminist Approaches to Women in Development," in *Gender and International Relations*, ed. Rebecca Grant and Kathleen Newland (Bloomington: Indiana University Press, 1990), 133-57; Valentine M. Moghadam, "Introduction: Women and Identity Politics in Theoretical and Comparative Perspective," in *Identity Politics & Women: Cultural Reassertions and Feminisms in International Perspective*, ed. Valentine M. Moghadam (Boulder, Colorado: Westview Press, 1994), 3-26; Chandra Talpade Mohanty, "Cartographies of Struggle: Third World Women and the Politics of Feminism," in *Third World Women and the Politics of Feminism*, ed. Chandra Talpade Mohanty, Ann Russo and Lourdes Torres (Bloomington: Indiana University Press, 1991), 1-50.

¹⁶See, for example, M. Jacqui Alexander and Chandra Talpade Mohanty, *Feminist Genealogies, Colonial Legacies, Democratic Futures* (New York: Routledge, 1997); Ferber and Nelson, *Beyond Economic Man*; Moghadam, *Identity Politics and Women*; Saskia Sassen, "Toward a Feminist Analytics of the Global Economy," in *Globalization and Its Discontents: Essays on the New Mobility of People and Money*, ed. Saskia Sassen (New York: The New Press, 1998), 154-72.

¹⁷ Moser, "Gender Planning in the Third World." P. 94.

The majority of work in gender and development has its roots in the critique of the economic and social impact of development policies and the continuing practices of casting of women either as passive or as invisible in standard development planning. Scholars of the impact of U.S. development policy and practice have noted similar trends. Similar to their international counterparts, these scholars ask about how women have been engaged in, and constructed by the discourse of economic and social policy. These examinations have looked at women and the welfare state, women's engagement in local and national policy, women's community activism, organizing by women of color and low-income women, and women's campaigns for racial, social and economic justice.¹⁸

Many recent feminist theorists suggest that it is crucial to ask about how we locate women in "development" or define "women's empowerment" and how we (researchers) represent women in this process, bringing to bear insights from feminist historiography, epistemology and political theory. Moving forward in this endeavor, I argue, can benefit greatly from the incorporation of interpretive techniques that help to expose the unexamined gendering of "development," along with the economic and political messages encoded in the term. In my view,

¹⁸See Ann Bookman and Sandra Morgen, eds, *Women and the Politics of Empowerment* (Philadelphia: Temple University Press, 1988); Cathy J Cohen, Kathleen B Jones and Joan C. Tronto, eds., *Women Transforming Politics: An Alternative Reader* (New York: New York University Press, 1997); Linda Gordon, ed., *Women, the State, and Welfare* (Madison: University of Wisconsin Press, 1990); Felicia Kornbluh, "The Goals of the National Welfare Rights Movement: Why We Need Them Thirty Years Later," *Feminist Studies* 24, no. 1 (Spring 1996): 65-78; Seth Koven and Sonya Michel, eds., *Mothers of a New World: Maternalist Politics and the Origins of Welfare States* (New York: Routledge, 1993); Nancy A. Naples, "Women's Community Activism: Exploring the Dynamics of Politicization and Diversity," in *Community Activism and Feminist Politics: Organizing Across Race, Class, and Gender*, ed. Nancy A. Naples (NY: Routledge, 1998), 327-50; Gwendolyn Mink, "The Lady and the Tramp II: Feminist Welfare Politics, Poor Single Mothers, and the Challenge of Welfare Justice," *Feminist Studies* 24, no. 1 (Spring 1998): 55-64.

questions of gender and development are, at their core, questions about politics—the distribution of power and privilege as well as resources and access to resources. This necessitates that empirical analysis of development questions must be sensitive to their context and must also take traditional categories as questions rather than as given. As V. Spike Peterson describes,

Rather than rejecting systematic inquiry of empirical research, the post-positivist critique involves examining the boundaries of our categories, frameworks and research questions, and asking how these come to be and how they are related within, and to, the context of inquiry and its relation to power.¹⁹

In this context, unraveling the gender structuring of the economy is crucial to understanding how “women’s work” is constructed as a problem to be addressed by development practices, such as microenterprise directed toward low-income women.

At a micro level, this has implications for the terms through which one interacts with the “market,” and therefore the context in which women microentrepreneurs operate. Rather than a simple context of free, autonomous, self-interested, contract making individuals, the market encodes and reinforces categories of difference. Or, as Elson describes this, “Women’s access to money is structured by gender relations.”²⁰ Indeed, it is precisely the circumscription of women’s access to credit that has engendered women’s microenterprise

¹⁹ V. Spike Peterson, “Transgressing Boundaries: Theories of Knowledge, Gender and International Relations,” *Millennium* 21, no. 2 (1992): 183-206., “Transgressing Boundaries: Theories of Knowledge, Gender and International Relations” in *Millennium*, v. 21, n. 2: 183-206)

²⁰ Diane Elson, “Micro, Meso, Macro: Gender and Economic Analysis in the Context of Policy Reform,” in *The Strategic Silence: Gender and Economic Policy*, ed. Isabella Bakker (Atlantic Highlands, New Jersey: Zed Books Ltd., 1994), 33-46. P. 41

assistance. At the same time, not all of these efforts explicitly address the relationship between these categories of differences and the constraints on women's microenterprise endeavors, as I explore in more detail in Chapters 4 and 5.

III. Informality and Women's Economic Participation

The persistence of informal employment practices has often been viewed as an artifact of "underdevelopment."²¹ Increasingly, however, this view has been challenged by the persistence of large informal economies within the developing world, and the expansion of such practices in developed countries.²² Indeed, as Sassen argues, informalization in the United States may be regarded as a process generated by the current practices of economic restructuring. It is promoted by increased earnings inequalities and changes in the consumption patterns of both high-income and very low-income groups as well as the difficulty faced by providers of goods and services to compete for necessary resources.²³

One can conceive of informalization itself (and therefore the increase in women microentrepreneurs) as a gendered process, upon which global economic (and political) restructuring relies. Historically, women's work has often been

²¹Such a view is presented by such diverse scholars as W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960); Roger Tezler, "Small-Scale Industry's Contribution to Economic Development," in *Gender, Small-Scale Industry and Development Policy*, ed. Isa Baud and G.A. de Bruijne (London: IT Publications, 1993), 16-34.

²²See, for example Alejandro Portes, Manuel Castells and Lauren A. Benton, *The Informal Economy: Studies in Advanced and Less Developed Countries* (Baltimore: The Johns Hopkins University Press, 1989).

²³ Sassen, "Toward a Feminist Analytics."

informal and small-scale, when visible at all. Indeed, this is tied to the general position of labor in any political economy, and the location and placement of women within this structure. Moreover, the significance, location and importance of small-scale enterprises may vary with phases of development.²⁴ In undertaking small-scale entrepreneurial activity, women grapple with uncertain and rapidly changing economic conditions. For poor women, these changes are contradictory, since they imply increased hardship for poor women at the same time that they increase opportunities for women's paid employment.²⁵

As I will discuss in greater depth below, much of women's informal economic activity takes place in conjunction with responsibility for assuring family survival. Such obligations lead women to engage in multiple activities, and women's participation in activities like microentrepreneurship is often central to a strategy of fulfilling family obligations while earning money to survive. For example, recent studies indicate that women all over the world must engage in "income packaging"²⁶

²⁴This point is both nuanced and contentious. Some, like Teszler, argue that "modern" small enterprises are important in high and middle income countries and in newly industrializing countries, but that microenterprises based on traditional technology tend to fade away. Others, like Sassen, contest this view, and argue that labor-intensive microenterprises, which some might refer to as traditional, may have distinct and expanded role in advanced economies. See Teszler, "Small-Scale Industry."; Saskia Sassen, "The Informal Economy: Between New Developments and Old Regulations," in *Globalization and Its Discontents: Essays on the New Mobility of People and Money*, ed. Saskia Sassen (New York: The New Press, 1998), 154-72; Standing, "Global Feminization Revisited."

²⁵For a broad discussion of changes in women's social, economic and political status internationally, see Standing, "Global Feminization Revisited."; United Nations Development Programme (UNDP), *Human Development Report 1995* (New York: Oxford University Press, 1995).

²⁶For a discussion about "income packaging" by women in the United States, see Heidi Hartmann and Roberta Spalter-Roth, *The Real Employment Opportunities for Women Participating in AFDC: What Can the Market Provide?* (Washington, DC: Institute for Women's Policy Research, 1993).

or "livelihoods strategies"²⁷ of mixing income from work in the labor market, support from family members, and government aid, in order to survive.

Defining the informal sector

In this section, I briefly examine the definitions of the *informal sector* or *informal economy* because a significant amount of research on women's experiences as microentrepreneurs internationally locates these economic initiatives primarily in the informal economy. While the size and structure of the informal economy is geographically specific, the information gleaned from these international studies offers useful insights into the relationship between economic structures and the characteristics of women's microenterprise endeavors.

The notion of the informal sector is a notoriously slippery, loose and contested term, covering a wide range of unregulated and "extra-legal" activities. It may be used to designate commodity production, trade, and services and generally involves pay that does not come in the form of wages, nor regulated by local, state or national government. "Informality" describes not only the relation of the enterprise to the state, but also the relation between employers and workers (many of whom are likely to be family) and between buyers and sellers. In this way, informality characterizes both production processes and distribution networks.²⁸ For

²⁷ Grown and Sebstad, "Introduction."

²⁸In presenting an overview of debates about the informal sector, Rakowski comments that "whenever the terms *informal economy*, *informality*, or *informal* appear, they encompass any or all of the following: small-scale firms, workshops, and microenterprises with low capital inputs where production levels depend on intensive use of labor; nonprofessional self-employed, subcontracted put-out workers, disguised wage workers; unprotected or only partially protected work, illegal contractual arrangements, not fully regulated or registered or extralegal activities; activities that escape standard fiscal and accounting mechanisms; domestic services; cooperatives and associated activities with little or no separation between labor and ownership of the means of production; casual trade, street vendors, and market sellers, regardless of the source of goods;

example, women tend to engage in "traditional" enterprises,²⁹ generally look to neighbors and friends as clients/customers, and market their service or product through word of mouth. Such "informal" modes of operating microenterprises are manifested in the developed world as well as the developing world.³⁰ At the same time, businesses tend to be more highly regulated in the developed world, posing, at times, a challenge to low-income women's microenterprise initiatives in the U.S.³¹

Some have attempted to resolve the difficulty of the term "informal sector" by focusing on the economic units (microenterprises) which comprise the bulk of the informal sector, making a clear distinction between these often marginal enterprises and self-employed professionals, like doctors, lawyers, etc. The informal economic units incorporated into the term "microenterprises", are small (generally 5 workers or fewer) with few assets nor access to capital and advanced technology.³² The notion of microenterprise, as used in the literature of international development, situates these tiny enterprises in the informal economy. Microenterprises are

direct subsistence production. *Informalization* refers to the circumventing of regulations, benefits, payments of taxes, and so on by employers and the unequal and selective application of such by the state. See Rakowski, "Introduction."

²⁹See, for example, All n, "Economic Development and the Feminisation of Poverty.": Servon and Bates, "Microenterprise as an Exit Route from Poverty."}

³⁰ Goldin, *Understanding the Gender Gap*; Margaret K Nelson and Joan Smith, "Economic Restructuring, Household Strategies, and Gender: A Case Study of a Rural Community," *Feminist Studies* 24, no. 1 (Spring 1998): 79-114; Saskia Sassen, "Notes on the Incorporation of Third World Women Into Wage Labor Through Immigration and Offshore Production," in *Globalization and Its Discontents: Essays on the New Mobility of People and Money*, ed. Saskia Sassen (New York: The New Press, 1998), 111-31; Sassen, "Toward a Feminist Analytics."

³¹For more on this topic, see Jacqueline Novogratz, *Hopeful Change: The Potential of Micro-Enterprise Programs as a Community Revitalization Intervention*, Report (New York: Rockefeller Foundation, 1992); Elisabeth Rhyne, *Expansion with Quality: Building Capacity in American Microenterprise Programs* (Bethesda, MD: Development Alternatives, Inc., 1993).

³²See Berger, "Giving Women Credit.": Portes, Castells and Benton, *Informal Economy*; Teszler, "Small-Scale Industry."

distinguished from small-scale enterprises or small businesses by their informality – lack of conformity to regulation, low levels of capitalization and technology, non-wage employment, etc. Self-employment or very small businesses which utilize highly educated workers or advanced technology, therefore fall outside of the definition of microenterprise. In the U.S., microenterprises that are initiated through microenterprise assistance programs tend to be somewhat more “formal,” although issues of abiding by regulations, low levels of capitalization, a lack of separation between business and household expenditures, and non-wage employment, for example, still remain confounding factors.³³

Informality and Social Location

Research on microenterprise -- both within the U.S. and throughout the world -- illustrates that women and men cluster in different sectors of the economy.³⁴ Women’s and minority microenterprises are heavily concentrated in the least lucrative lines of business.³⁵ Even within minority communities, this pattern repeats itself to the disadvantage of women. For example, Servon and Bates argue that

³³Carol Clark, the Executive Director of the Urban Women’s Center noted many of these issues as ones that the participants in the Urban Women’s Center’s programs grapple with regularly. See Carol Clark, first interview, Urban Women’s Center, Executive Director (Trenton, NJ, 8/1 1994); Carol Clark, second interview, Urban Women’s Center, Executive Director (Trenton, NJ, 9/30 1994); Carol Clark, third interview, Urban Women’s Center, Executive Director (Trenton, NJ, 1/28 1995).

³⁴See, for example, Marguerite Berger, “Key Issues on Women’s Access to and Use of Credit in the Micro- and Small-Scale Enterprise Sector,” in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 189-216; Candida G. Brush, “Research on Women Business Owners: Past Trends, a New Perspective and Future Directions,” *Entrepreneurship Theory and Practice*, Summer 1992, 5-30; Jeanne Downing, *Gender and the Growth and Dynamics of Microenterprises*, GEMINI Working Paper No. 5 (Bethesda, MD: Development Alternatives, Inc., 1990); Servon and Bates, “Microenterprise as an Exit Route from Poverty.”

³⁵ Amott and Matthaei, *Race, Gender & Work*; Goldin, *Understanding the Gender Gap*; Servon and Bates, “Microenterprise as an Exit Route from Poverty.”

underlying gender stereotyping leads to a pattern of business concentration within the African-American community of small business owners in the U.S. in which black women small business owners are concentrated in the least profitable line of business, even when educational levels are held constant.³⁶ For my analysis of *gender sensitivity* in women's microenterprise assistance projects, the ways that class, race, ethnicity and gender affect how women participate in economic life is critical to explaining the opportunities and constraints for women microentrepreneurs. Moreover, as I argue in greater detail in Chapters 4 and 5, the structural constraints and challenges posed by the sex and racial segregation of the U.S. labor force must be taken into consideration when developing programs to assist women microentrepreneurs.

To date, little of the research on women in the informal sector intensively addresses the intersection of gender, race, class and culture in women's experiences in microenterprise. Differences among women, and the impact of cultural differences must therefore be inferred. Inferences that can be drawn from extensive information about the intersection between race, gender, culture and class, indicate that the category of "women microentrepreneurs" is differentiated in ways that replicate the greater or lesser access to resources and opportunities in society in general.³⁷ Indeed, a nuanced analysis which addresses economic, social,

³⁶ Servon and Bates, "Microenterprise as an Exit Route from Poverty." Pp. 430-431.

³⁷ A wide range of feminist theory addresses the intersection of "identity" categories, such as gender, race, ethnicity, culture, sexuality, etc. See for example Amott and Matthaei, *Race, Gender & Work*; Margaret Andersen and Patricia Hill Collins, eds., *Race, Class, and Gender: An Anthology* (Belmont, CA: Wadsworth Publishing Co., 1992); bell hooks, *Yearning: Race, Gender, and Cultural Politics* (Boston: South End Press, 1990); Tony Morrison, ed., *Race-ing Justice, En-Gendering Power: Essays on Anita Hill, Clarence Thomas, and the Construction of Social Reality* (New York: Pantheon Books, 1992); Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*; Adrien

cultural and political conditions is crucial, since, as Dignard and Havet succinctly comment, "the social positions and identities of women involved in [women's medium and small enterprise] activities are composed of a multiplicity of elements,"³⁸ based precisely on their economic, political, social and cultural location. For instance, a study of microvendors in La Paz, Bolivia, found that women microentrepreneurs are more likely than men to be involved in the selling basic goods, and to be selling on the sidewalk. Moreover, according to Escobar, women microentrepreneurs in La Paz are more likely to be migrants from rural areas, and have less education than working women in La Paz in general.³⁹ Tokman, too, notes that

characteristics other than gender also help to explain different job concentration. Young women, mostly migrants from rural areas with little education, become domestic workers. Middle-aged women who are heads of household are usually concentrated in self-employment and small shops in commerce and industry.⁴⁰

For my research on women's microenterprise programs, the intersections of gender, race, class, ethnicity and culture create groups of women who are extra-marginalized in society in general. This marginalization is replicated in the additional obstacles that particular groups of women face in becoming

Katherine Wing, ed., *Critical Race Feminism: A Reader* (New York: New York University Press, 1997).

³⁸ Louise Dignard and Jose Havet, "Introduction," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 1-24.

³⁹ Silvia Escobar, "Small-Scale Commerce in the City of La Paz, Bolivia," in *Women's Ventures: Assistance to the Informal Sector in Latin America*, ed. Marguerite Berger and Mayra Buvinic (Hartford, CT: Kumarian Press, 1989), 36-48.

⁴⁰ Victor E. Tokman, "Policies for a Heterogeneous Informal Sector in Latin America," *World Development* 17, no. 7 (1989): 1067-76.

microentrepreneurs. Research by Servon and Bates about microenterprise in the U.S. also shows distinctive differences in the types of small business ownership according to race, immigrant status and gender. For example, they show that persons in construction have the highest self-employment rate, and the majority work in a specific skilled craft. At the same time, barriers to training and discriminatory hiring practices means that the vast majority of skilled construction workers who are self-employed are immigrant men. According to their data, only 1.3% of the women-owned firms they surveyed were in construction, while 26.4% of the male-owned firms were located in there.⁴¹

Whether in the “formal” or “informal” sector, women’s work - particularly the activities of the most marginalized communities -- is often insecure, low-paying and poorly regulated.⁴² In nearly all regions of the world, women’s informal businesses have lower sales revenues, lower asset bases, and smaller profit margins than men’s, although one potentially perverse effect of the economic crisis in Africa, for instance, is a change in relative income and profit levels between women and men.⁴³ In rural Vermont, this is illustrated by the tendency of men to engage in entrepreneurial activities like car repair or wood cutting, compared to women’s engagement in activities like sewing, knitting or child care. And, Nelson and Smith note, “men’s work is equated with market values even when it doesn’t really function

⁴¹ Servon and Bates, “Microenterprise as an Exit Route from Poverty.” Pp. 428-429.

⁴² Allison MacEwen Scott, “Informal Sector of Female Sector? Gender Bias in Urban Labour Market Models,” in *Male Bias in the Development Process*, ed. Diane Elson (NY: Manchester University Press, 1991), 103-32.

⁴³See Downing, *Gender and the Growth and Dynamics of Microenterprises*; Grown and Sebstad, “Introduction.”; Standing, “Global Feminization.”; Standing, “Global Feminization Revisited.”

that way at all but rather is part of a social economy; women's work is 'naturalized' and its market value is slighted."⁴⁴

This tendency to "naturalize" women's work is amplified by women's own views of their work. Carol Clark, the Executive Director of the Urban Women's Center described one program participant's struggle to make her fashion business more stable. Clark commented that "her biggest problem was she had one checking account. We had to teach her how to separate her checking account to business and personal and pay herself a salary."⁴⁵ When women's businesses are home-based, they may be considered as less serious. For example, Michael Haynes of the Trenton Consortium (a state government sponsored effort to leverage credit for microenterprises) commented to me that "one difference is that with women, there is a chance that they are doing it as a secondary source of income, or they're doing things home based."⁴⁶ With men, in contrast, Haynes noted "usually their business idea is their whole deal. It's not as often a home-based or supplementary sort, whereas for women it is."⁴⁷ It is against precisely such attitudes that would-be women microentrepreneurs must grapple.

The Location of Women's Microenterprises⁴⁸

⁴⁴ Nelson and Smith, "Economic Restructuring, Household Strategies."

⁴⁵ Clark, first interview.

⁴⁶ Michael Haynes, Interview, Manager, Trenton Consortium (Trenton, NJ, 4/14 1995).

⁴⁷ Haynes, Interview.

⁴⁸ Extensive information about microenterprises exists through documentation at the World Bank, the U.S. Agency for International Development, and through the GEMINI Project (Growth and Equity through Microenterprise Investments and Institutions). GEMINI is a joint project of Development Alternatives, Inc., Michigan State University, ACCION International, Management Systems International Inc., Opportunity International, Technoserve and World Education, and can be reached

As noted, women's microenterprises are concentrated in particular sectors of the economy. As a result they are often small, reliant on family labor, and are frequently based in the home.⁴⁹ Moreover, they are often located in economic sectors with limited barriers to entry, and therefore are subject to a significant amount of competition. Berger classifies informal enterprises along two lines: first, the industrial sector in which it is located, i.e. manufacturing, services or commerce; and second, the characteristics of the enterprise itself can be distinguished, like casual work, temporary and seasonal activities and precarious survival activities like street vending.⁵⁰ Such unstable or temporary work can be distinguished from more or less stable firms like small stores, manufacturing operations and traditional artisanry. Enterprises may be organized as subcontracting firms, which may in fact constitute a form of disguised wage employment.⁵¹ Such distinctions are particularly important in evaluating the sustainability of the enterprise, its job generation capacity and potential as part of a broader local development initiative.

Gender differences are evident along each line of classification. For instance, women's microenterprises are more likely to be in the service or commerce sector than men's, and women are more likely to be concentrated in

through Development Alternatives Inc., in Bethesda, MD.

⁴⁹ Carr, "Two Paths to Self-Employment?"; Chen, Sebstad and O'Connell, "Counting the Invisible Workforce."

⁵⁰ Berger, "Giving Women Credit."

⁵¹ Chen, Sebstad and O'Connell, "Counting the Invisible Workforce."; Standing, "Global Feminization Revisited."

precarious survival activities.⁵² Downing notes that "sex typing" in entrepreneurial activity is prevalent throughout the world but "the exact gender-based division of labor varies by region and culture."⁵³ These regional and cultural variations in women's enterprises stem from multiple factors ranging from laws, policies and regulatory mechanisms (for instance, the ability of women to own property independently) to kinship patterns and family practices.

Such regular gender and racial structuring of microentrepreneurship is also evident in the U.S. Servon and Bates, for example, show that African-American women business owners are heavily over represented in "traditional" fields (such as small-scale retail and personal services), while black men dominate the "emerging fields." Further, they account for this difference in patterns of business concentration as the result of gender stereotyping.⁵⁴ In this regard, they comment:

Among black men lacking high school degrees, the most common type of self-employment is construction (an emerging field active in the mainstream economy), whereas women are most concentrated in the beauty parlor niche (a traditional field reliant upon minority clients. Personal services generally, and beauty parlors specifically, are the least profitable lines of black business enterprise.⁵⁵

Thus, women in the U.S. as well as in many other countries tend to be engaged in "traditional" activities that are generally in the least remunerative and

⁵² Dignard and Havet, "Introduction."; Downing, *Gender and the Growth and Dynamics of Microenterprises*.

⁵³ Downing, *Gender and the Growth and Dynamics of Microenterprises*. P. 9.

⁵⁴ Servon and Bates, "Microenterprise as an Exit Route from Poverty."

⁵⁵ Servon and Bates, "Microenterprise as an Exit Route from Poverty." P. 431.

productive of enterprises.⁵⁶ By traditional, I mean those economic activities like micro-commerce and petty services where women's initiatives have tended to be clustered, or manufacturing activities like dressmaking and pottery-making which are highly labor intensive. For instance, a study of microvending in Bolivia found that women vendors are more likely than men to sell household staples and agricultural products while men are more likely to sell nonessential consumer products.⁵⁷

These gender differences have led some analysts of the informal sector to propose that the high proportion of women in the informal sector is not simply the result of a lack of employment opportunities in the formal sector, but the overburdening of women due to their multiple responsibilities. This leads women to engage in those economic activities which allow them to conduct market work while taking care of household duties. The microentrepreneurs I interviewed support the view that women's enterprises are clustered in those sectors that are most likely to allow for a mixing of market and household work: babysitting, cooking/catering, sewing (clothes, dolls), baking, handicrafts.

The generally small returns to women's microenterprises is exacerbated by the tendency of women's enterprises to be concentrated in a only a few sectors. Such a narrow range creates more competition and low profit margins for women's

⁵⁶See, for example, Downing, *Gender and the Growth and Dynamics of Microenterprises*; Maria Otero and Elisabeth Rhyne, *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor* (West Hartford, CT: Kumarian Press, 1994).

⁵⁷ Escobar, "Small-Scale Commerce."

enterprises.⁵⁸ In their study of women entrepreneurs in Southern Africa, Downing and Daniels found significant differences between women's and men's initiatives:

Women's firms appear to be concentrated in far more traditional and less dynamic product markets than men's. Women's manufacturing activities, for example, include beer brewing, dressmaking, knitting, crocheting, and grass and cane work. Men's manufacturing activities, on the other hand, suggest more modern product markets such as construction, welding, auto repair, radio and television repair, and brick or block making.⁵⁹

These gender distinctions are further articulated through backward and forward linkages. Different channels between producers and consumers are dominated by women than those controlled by men, which has consequences for women's access and purchasing patterns.⁶⁰ In other words, women are more likely to buy from other women, when possible, and women sellers are more likely to reach other women as purchasers. Women are also more likely to sell directly to the consumer, while men's firms are more likely than women's to produce intermediate goods sold as inputs to other firms.⁶¹

Legal and Regulatory Practices

Legal and regulatory practices also play a significant role in determining the conditions within which women microentrepreneurs attempt to earn a living, in conjunction with gender, race, ethnicity, class, sexual orientation, culture and other elements of social location. Regulations define the distinction between formal and

⁵⁸ Jeanne Downing and Lisa Daniels, *The Growth and Dynamics of Women Entrepreneurs in Southern Africa*, GEMINI Technical Report No. 47 (Bethesda, MD: Development Alternatives, Inc., 1992). Pp. 15-16.

⁵⁹ Downing and Daniels, *Growth and Dynamics*. P. 16.

⁶⁰ Downing, *Gender and the Growth and Dynamics of Microenterprises*. P. 14.

⁶¹ Downing and Daniels, *Growth and Dynamics*. P. 19. See also Nelson and Smith, "Economic Restructuring, Household Strategies."

informal practices, and therefore a significant context of microenterprise. The bargaining power of workers, the ease of entry and exit of capital, and the extent of social insurance combine in critical ways that set the context for informality and microentrepreneurship. For example, regulations around taxation and incorporation are determinative in the size and extent of the informal economy in any particular situation. The extent of informality may be very high in countries, sectors or areas where regulation is lax or conformity to regulation is low (like Peru), and very low in places where regulation is tight (like North Korea).⁶² The cost of conforming (or not conforming) to regulations will also have an impact on the extent of informality. In the U.S. economy, for example, the high costs of conforming to regulations may also act as an incentive to sub-contracting from formal sector enterprises to small, informal ones, making it clear that informality cannot be equated with "backwardness" or lack of "development."⁶³

A wide range of legal and regulatory practices affect the extent of informal activity. As Liedholm documents, government policies influence both the supply and demand for microentrepreneurial activity, including trade policy, monetary policy, fiscal policy, labor policies, output regulation and direct regulatory control such as licensing and registration, land allocation and tenure, zoning, health and

⁶² David Turnham, *Employment and Development: A New Review of Evidence* (Paris: Development Centre of the Organisation for Economic Cooperation and Development (OECD), 1993). P. 119.

⁶³ See, for instance M. Patricia Fernandez-Kelly and Anna M. Garcia, "Informalization at the Core: Hispanic Women, Homework, and the Advanced Capitalist State," in *The Informal Economy: Studies in Advanced and Less Developed Countries*, ed. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore: The Johns Hopkins University Press, 1989), 247-64; Sassen, "Notes on the Incorporation of Third World Women."; Alex Stepick, "Miami's Two Informal Sectors," in *The Informal Economy: Studies in Advanced and Less Developed Countries*, ed. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore: The Johns Hopkins University Press, 1989), 111-34.

safety controls, among others.⁶⁴ For the population I am examining – low-income women – the critical policies include tax policy, immigration policy, interest rates and credit availability, minimum wage laws and labor legislation, licensing and registration, and social insurance or welfare.

In advanced economies, de-regulation, the promotion of "privatization," and changes in the extent and form of social insurance (i.e. welfare reform) in response to economic restructuring, are key to the expansion or limitation of women's economic opportunities. Globally, 10 million workers became unemployed in 1998, mostly due to the Asian economic crisis.⁶⁵ Yet, while barriers to trade are being dismantled regionally as well as globally, immigration remains strictly controlled. Social and economic benefits, such as access to social insurance, are often dependent upon residence – or in some cases citizenship – in a particular country. At the same time, and as a result of the same political, economic and ideological factors, organized labor constitutes an increasingly smaller proportion of the labor force, falling by more than 20 percent in the last 10 years in many countries.⁶⁶

In the United States the most significant regulatory shift affecting poor women's economic opportunities and the context for microentrepreneurship is the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which replaced Aid to Families with Dependent Children (AFDC). This shift is

⁶⁴ Carl Liedholm, "The Impact of Government Policies on Microenterprise Development: Conclusions from Empirical Studies," in *Contrapunto: The Informal Sector Debate in Latin America*, ed. Cathy A. Rakowski (Albany, NY: State University of New York Press, 1994), 75-89. Pp. 76-79.

⁶⁵International Labour Organization estimates, quoted in Kathleen Newland, "Workers of the World, Now What?" *Foreign Policy Spring*, no. 114 (1999): 52-65. P. 53.

⁶⁶For more information, see Newland, "Workers of the World."

particularly significant since microenterprise is more and more frequently hailed as an anti-poverty strategy. It thus plays a symbolic role in debates about poverty and employment. Moreover, many poor women “package” social insurance and self-employment in order to survive.⁶⁷ Finally, as I discuss in Chapter 4, a range of microenterprise assistance projects in the US specifically target women welfare recipients.

Since its initiation, debates about “welfare” have been imbued with a moral discourse about who is “entitled” to receive assistance. Embedded in this discourse is an ambivalence about women’s economic independence.⁶⁸ Aid to Families with Dependent Children (AFDC) originated in the Social Security Act of 1935, which also included unemployment compensation and old age pensions. Debates about eligibility and benefit levels are longstanding, dating at least from the 1960s. Prior to this, women receiving AFDC had been primarily regarded as unemployable. With the growth in AFDC rolls and expenditures, and the rapid increase in women working in paid employment, debates ensued about dependence and employment.⁶⁹ In 1967, the Work Incentive Program (WIN) was authorized by

⁶⁷ Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

⁶⁸An extensive literature examines women and social insurance. See, for example, Mimi Abramovitz, *Regulating the Lives of Women: Social Welfare Policy from Colonial Times to the Present* (Boston: South End Press, 1988); Gordon, *Women, the State, and Welfare*; Nancy Fraser and Linda Gordon, “Contract Versus Charity: Why Is There No Social Citizenship in the United States?” *Socialist Review* 22 (July-September 1992): 45-67. See also the contributions in the Spring 1998 issues of *Feminist Studies* (Vol. 24, No. 1) among others.

⁶⁹For a discussion about changes in work programs for welfare recipients since the inception of AFDC, see Judith M. Gueron, “Work Programs for Welfare Recipients,” in *Job Training for Women: The Promise and Limits of Public Policies*, ed. Sharon L. Harlan and Ronnie J. Steinberg (Philadelphia: Temple University Press, 1989), 359-64. It is important to note the ideological assumptions in these debates—both in terms of what is articulated, and what remains unspoken. While some would argue that the increase in women working in paid employment undermined the earlier assumptions that low-income mothers should receive assistance from the state, other

Congress as a voluntary program to encourage welfare recipients to move from assistance to work. In 1971, this program became mandatory, with a focus on immediate placement in a job.⁷⁰ During the 1970s, several states also initiated "work relief" programs, requiring some welfare recipients to work in return for benefits.

Efforts to "reform" welfare and provide more control at the state level took off during the Reagan presidency. Beginning in 1981, the Reagan Administration sought to grant greater discretion to states and to reduce federal matching funds, while pursuing more extensive work-relief, or workfare, programs. The Family Support Act of 1988 (FSA) continued this trend, and sought to strengthen "the tie between work and the receipt of welfare benefits."⁷¹ One of the centerpieces of the Family Support Act was the Job Training Partnership Act (initially passed in 1982), another element of reducing the welfare dependency of recipients.

Throughout this period, women receiving Aid to Families With Dependent Children (AFDC) faced large problems in getting off of 'welfare' either through self-employment or through a job. In addition to sex segregation in employment and the relative lack of well-paying jobs, barriers also stemmed from the federal and state eligibility requirements of welfare. Eligibility requirements for receiving AFDC often

present these debates as illustrating a deep anxiety about women's economic independence as well as an expression of racism. See, for example, Nancy Fraser and Linda Gordon, "A Genealogy of Dependency: Tracing a Keyword of the U.S. Welfare State," *Signs* 19 (Winter 1994): 309-36; Mink, "The Lady and the Tramp II."

⁷⁰ Gueron, "Work Programs."

⁷¹ Sharon L. Harlan, "Welfare, Workfare, and Training: Introduction to Part IV," in *Job Training for Women: The Promise and Limits of Public Policies*, ed. Sharon L. Harlan and Ronnie J. Steinberg (Philadelphia: Temple University Press, 1989), 359-64.

presented barriers to the training and services women required in order to find decent jobs, or to become self-employed. In developing self-employment programs for women, some organizations have sought and received waivers and changes in state policy to respond to the income maintenance requirements of initiating small businesses (such as the Women's Self-Employment Project in Chicago, and Coastal Enterprises Inc. in Maine).

Recent changes in social insurance through the Personal Responsibility and Work Opportunities Act (PRWOA), and its centerpiece, Temporary Assistance to Needy Families (TANF) is likely to have diverse impacts on women's capacity to initiate their own small businesses, in part because the requirements of receiving federal assistance now vary from state to state. Some general trends, however, can be discerned. For instance, the requirement that states reduce their welfare rolls makes assistance much less available, and for shorter periods of time. Work requirements reduce the amount of time that women have for starting their own businesses although some states have special provisions for self-employed women. Moreover, while funding for child care was increased, this is available only to those welfare recipients receiving on-the-job training and those in transition from welfare to work. Thus, the status of those starting their own businesses is uncertain.⁷²

Finally, one of the most significant changes in eligibility and requirements is that most states under TANF disallow post-secondary education as an acceptable work activity. At the same time, the majority of recipients who earn a post-

⁷² Center on Social Welfare Policy and Law, *Welfare News* (Washington, DC: Center on Social Welfare Policy and Law, 1996).

secondary degree become financially independent.⁷³ Moreover, a recent study by the Self-Employment Learning Project indicates that microentrepreneurs are relatively well-educated – 58% of the microentrepreneurs have some education past high-school.⁷⁴ Thus, the theory of welfare reform is that by requiring women to work for their benefits, they will work their way to self-sufficiency. Yet, the reality appears to be far more complicated, particularly in the case of those who seek to become self-employed. While the federal government and a number of states in the U.S. promote microenterprise as a development strategy for women, TANF may also make it more difficult for the poorest women to consider microenterprise as an option.

IV. Women's Microenterprises as Survival and Security Strategies

The objectives of women microentrepreneurs range from survival to security to growth.⁷⁵ For many women, particularly the low-income women who are targeted for assistance by the microenterprise assistance organizations I review, the emphasis is on economic security. Often, in both the developing and developed country context, the purpose of these tiny economic initiatives does not correspond

⁷³ Paul Street, "The Poverty of Workfare: Dubious Claims, Dark Clouds, and a Silver Lining," *Dissent*, Fall 1998, 53-59.

⁷⁴ Self-Employment Learning Project, *SELP Longitudinal Survey of Microentrepreneurs: Major Findings Change Over Time* (Washington, D.C.: The Aspen Institute, 1998).

⁷⁵For a discussion of this framework, see Downing, *Gender and the Growth and Dynamics of Microenterprises*; Grown and Sebstad, "Introduction."

to a neo-classical notion of the dynamic entrepreneur who seeks growth and profit.⁷⁶ Instead, the concern of large numbers of women microentrepreneurs in the informal sector is to generate enough resources to maintain themselves and their dependents – a particularly urgent preoccupation for low-income women in the U.S. who have been receiving government welfare subsidies.

Many small businesses are bound by the limited amount of time that microentrepreneurs can devote to them, since most self-employed people also rely on other sources of income. For example, the Self-Employment Learning Project found that half of the surveyed entrepreneurs in the U.S. have two or more sources of individual earnings, 37% work at a part time job in addition to their own business and 16% receive public assistance as their primary or secondary source of income.⁷⁷

Women's participation in the informal sector frequently relies upon and allows for a blurring of household and market elements in women's daily activities with uncertain implications. At best, this means that women can intersperse household responsibilities and income requirements in a manner that makes security possible for themselves and their families. Linda, for example, one of the participants in Coastal Enterprises' lending program who I interviewed, runs a Feed and Farm Supply shop in rural Maine, out of a barn attached to her home. She also babysits for two children, while running the shop. She lives in a rural area, with few

⁷⁶ Marguerite Berger, "An Introduction," in *Women's Ventures: Assistance to the Informal Sector in Latin America*, ed. Marguerite Berger and Mayra Buvinic (Hartford, CT: Kumarian Press, 1989), 1-18.

⁷⁷ Self-Employment Learning Project, *SELP Survey*.

employment options. Since she operates the shop from her home, she can also make improvements to the shop building, while also babysitting and caring for her own 3 children.⁷⁸ Another woman I interviewed is part of a catering cooperative in Boston. Cooking together, she commented, is easy because the members of the cooperative are used to cooking with other women. Moreover, they can cook in the evening and at night, which makes it more feasible for the cooperative members with children.⁷⁹ For both of these women, the blending of household responsibilities and income generation means that microenterprise is a reasonably viable strategy.

For many women, their enterprise activities overlap with familial duties, at the same time that women's enterprises tend to be insecure, with limited access to large markets, technology or credit. In addition, while women must bear the costs of initiating their enterprises, they often do not control the income.⁸⁰ Men's entrepreneurial endeavors, in contrast, often provide them with additional income of their own. In Nelson and Smith's study, the demand-driven nature of men's enterprises and the potential of these initiatives to reap greater rewards than women's efforts, gives men more discretionary income.⁸¹ Moreover, as Nelson and Smith observe, not only do men and women undertake different kinds of activities, but the nature of the obligations these varied economic activities generate also diverge. Men, they note, "develop concrete, time-limited, obligations; women

⁷⁸Personal communication, March 22, 1994

⁷⁹Personal communication, March 10, 1995

⁸⁰ United Nations, *The World's Women 1970-1990: Trends and Statistics* (New York: United Nations, 1991). P. 92.

⁸¹ Nelson and Smith, "Economic Restructuring, Household Strategies." P. 89.

develop more amorphous ties of sociability and more expansive commitments to care giving."⁸²

In a larger sense, microentrepreneurial activity is marked by a lack of separation between consumption and production. Business expenditures, incomes, assets and labor are all linked to household maintenance, including, for women, the use of time for both domestic and business purposes, especially for childcare.⁸³ Such patterns appear to be quite different for men. Their relative lack of responsibility for child care and household maintenance means that men are more willing to enter riskier ventures, and are able to reinvest profits back into their economic activities.⁸⁴

My case studies of three microenterprise assistance projects in the U.S. and Nelson and Smith's research in rural Vermont, lends support for a view that women face significant structural constraints as microentrepreneurs in the U.S. In their study of the effect of economic restructuring on family survival strategies and gender dynamics, Nelson and Smith note distinct gender differences in women's and men's entrepreneurial efforts. While men's activities require greater initial investment and are more demand-driven, they also tend to take place outside the home. Women's activities, in contrast, are usually based in the home. Moreover, Nelson and Smith note "men's activities frequently involved the labor of their wives (e.g., to answer the phone, to run errands); women's activities rarely absorb men's

⁸² Nelson and Smith, "Economic Restructuring, Household Strategies." P. 92.

⁸³ Berger, "Giving Women Credit." P. 11.

⁸⁴ Downing, *Gender and the Growth and Dynamics of Microenterprises*.

labor in the same way."⁸⁵ Evelyn, a member of one of the cooperative businesses sponsored by Cooperative Economics for Women in Boston, ran her business from her home, and found clients by word of mouth, relying primarily on neighbors and friends. The business is not her main source of income, and she finds it difficult to manage work, marketing and taking care of her own family. As a result, the business has grown more slowly than she had initially imagined.⁸⁶

V. Women-owned businesses in the United States

Data on women-owned businesses lend support for a cautiously optimistic view of women's opportunities for some success, while illustrating some of the persistent obstacles that women face as self-employed or microentrepreneurs. Women-owned businesses comprise a significant and growing proportion of U.S. small businesses. In 1992 women-owned businesses comprised 34 percent of all businesses, 26 percent of businesses with employees, and 36 percent of businesses without employees.⁸⁷ They employ one out of every five U.S. workers and are more likely to remain in business than the average U.S. firm.⁸⁸ In the last several decades, women-owned businesses have been growing steadily and more rapidly than other small businesses in the economy. In the last decade, the number

⁸⁵ Nelson and Smith, "Economic Restructuring, Household Strategies." P. 89.

⁸⁶ Personal communication, March 8, 1995.

⁸⁷ U.S. Small Business Administration - Office of Advocacy, *Women in Business, Report on statistical information about women-owned businesses* (Washington, D.C.: U.S. Small Business Administration, 1998). P. 6.

⁸⁸ U.S. Small Business Administration, *Statistics on Women Business Ownership, Fact sheet* (Washington, D.C.: U.S. Small Business Administration, 1996).

of women-owned businesses increased by 89 percent, generating \$3.1 trillion in revenue.⁸⁹ Between 1987 and 1992, the number of women-owned businesses increased by 43 percent, compared with a 26 percent increase in all businesses. Between 1977-1985, women's small businesses increased by 9.4% a year, compared to 4.3% a year for men during the same period, and it appears that women are starting businesses at twice the rate of men⁹⁰. Thus, women are becoming an increasingly significant proportion of the self-employed and small business owners in the U.S. In a 1992 study, the National Foundation for Women Business Owners (NFWBO) estimated 6.5 million women-owned business in the US, and the Small Business Administration forecasts that by the year 2000, women's businesses will comprise 50% of all small businesses in the US.⁹¹

At the same time, women's businesses are disproportionately located in the service sector. The 1992 NFWBO study found that 53.7 percent of these women-owned businesses were in services, and the largest number of women-owned businesses were in retail trade (44 percent).⁹² According to the SBA's Office of Advocacy, more than 70 percent of all women-owned businesses are in services and retail trade. 10.2 percent are in finance, insurance and real estate, and even fewer are in construction, wholesale trade, manufacturing, transportation and

⁸⁹ U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 1. Small businesses are defined as having 500 or fewer employees.

⁹⁰ Brush, "Research on Women Business Owners." P. 5.

⁹¹ Brush, "Research on Women Business Owners." P. 1.

⁹² U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 2.

agricultural services.⁹³ At the same time, those businesses in construction, wholesale trade and transportation, communications and public utilities had the highest rates of growth.

This growth in women-owned businesses means that they play an important role in the economy, employing about 10% of all workers and accounting for 70% of new jobs created in the economy.⁹⁴ Moreover, women-owned businesses tend toward greater stability. According to the NFWBO survey, women-owned businesses are less likely to either grow rapidly or decline than those owned by men. The U.S. Small Business Administration reports that nearly 3/4 of women-owned firms operating in 1991 were still in business three years later, compared to two-thirds of all U.S. businesses.⁹⁵ In fact, a survey by the Utah Women's Business Development Council found that 75 percent of female-owned businesses were still in business after three years, compared to 25 percent of male-owned businesses.⁹⁶ These results hold even though the comparative demographic data of female and male entrepreneurs suggest that women are less likely to have their spouses as unpaid workers than their male counterparts, since a higher percentage of their

⁹³ U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 6.

⁹⁴ The AFDC Task Force on Self-Employment, *Self-Employment for Maine's AFDC Recipients: An Opportunity for Change, A Prescription for Action*, Report (Augusta, ME: The AFDC Task Force on Self-Employment, 1989). P. 9.

⁹⁵ U.S. Small Business Administration, *Statistics on WOB*.

⁹⁶ Reported in Richard Ferlauto and Nora Petkovich, *State Support for Women-Owned Businesses: A Survey of State Programs for Women-Owned Businesses* (Washington, D.C.: Center for Policy Alternatives, 1994).

spouses are working.⁹⁷

Women tend to cluster in the smallest enterprises. For example, in 1987, women owned 30% of all sole proprietorships, up from 5% in 1970.⁹⁸ By 1990, this had increased to 32.3 percent, with an additional 8 percent projected increase by 2000.⁹⁹ In 1997, 3.9 million women declared their primary occupation to be self-employment, an increase of 48 percent between 1983 and 1997, compared to a 1.5 percent increase for men.¹⁰⁰ Women owned a disproportionate number of the more than 9 million home based businesses in 1992 (36.9 percent). More than 60 percent of women-owned businesses were home-based when they began, and 58 percent were still operating from the home in 1992.¹⁰¹ Thus, women's businesses tend to be disproportionately represented among the smallest of firms, since these are the businesses that tend to be operated from a residence and to remain operating from a residence. Thus, while women's business ownership is on the rise, they tend to be concentrated in the service sector, and they tend to be small.

It is, of course, difficult to determine the impact of socio-economic status on the findings of U.S. government data, and therefore the relevance of most research on women-owned businesses for the discussion about low-income self-employed women in particular. For instance, studies have found that the reason that men

⁹⁷ S. Honig-Haftel and L. Martin, "Is the Female Entrepreneur at a Disadvantage?" *Thrust: The Journal for Employment and Training Professionals* 7 (1986): 49-64. Quoted in Brush, "Research on Women Business Owners." P. 12. See also (Nelson & Smith 1998)

⁹⁸ The AFDC Task Force on Self-Employment, *Self-Employment for Maine's AFDC Recipients*.

⁹⁹ U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 9.

¹⁰⁰ U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 9.

¹⁰¹ U.S. Small Business Administration - Office of Advocacy, *Women in Business*. P. 11.

become self-employed varies somewhat from the reason that women become self-employed. Men are likely to explain their activity as stemming from a desire to be an entrepreneur, or to not work for someone else, while women are more likely to discuss their desire to create employment that allows flexibility to balance work and family.¹⁰² Women are likely to choose businesses that are closely associated with their experiences as caretakers of the home and family, according to a study of welfare recipients in Maine.¹⁰³

Indeed, while women appear to be starting their own businesses in increasing numbers, they face significant barriers in getting the capital and credit they need in order to start their own businesses. In fact, access to credit is consistently cited as the largest barrier to women's business development internationally.¹⁰⁴ A survey of nearly 600 women-owned businesses in Maine, conducted by Coastal Enterprises found that women start their businesses with very small amount of capital: almost a third of those surveyed began with less than \$1,000, and another 26% started with \$1,000-5,000.¹⁰⁵ Moreover, women's ventures tend to be located in "traditional" sectors: in 1987, 75% of women-owned firms were in the retail and service sectors according to data from the US Bureau

¹⁰² Brush, "Research on Women Business Owners." P. 13.

¹⁰³ The AFDC Task Force on Self-Employment, *Self-Employment for Maine's AFDC Recipients*. P. 15.

¹⁰⁴ See Berger, "Key Issues.": Downing, *Gender and the Growth and Dynamics of Microenterprises*; Elisabeth Rhyne and Maria Otero, "Financial Services for Microenterprises: Principles and Institutions," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne (W. Hartford, CT: Kumarian Press, Inc., 1994), 11-28.

¹⁰⁵ The AFDC Task Force on Self-Employment, *Self-Employment for Maine's AFDC Recipients*.

of the Census.¹⁰⁶ Thus, while self-employment and small business are often portrayed as an avenue of empowerment for women, an assessment of the data presents a more complicated picture. For poor women, microenterprise is more likely to be a survival strategy as opposed to a wealth generating endeavor. As Jurik concludes in her study of 46 self-employed homeworkers in the U.S., self-employed homeworking was

in a qualified sense...liberating and revolutionary. At the same time, self-employed homeworkers confronted the economic and cultural realities of balancing personal goals, earnings, and family responsibilities in a global economy...The concept of social location...has proven useful in the study to elucidate the variations in opportunities, constraints, and practices that characterize the lives of workers across gender, race/ethnicity, family status, class, and economic markets.¹⁰⁷

In other words, personal resources, such as education, support networks and the financial security of marriage seem to be a precondition of success.¹⁰⁸ Indeed, the SBA's aggregate data about women-owned businesses obscures some of the distinctions that my research on microenterprise programs which target low-income women illuminates.

VI. Conclusion

In recent years, a wide variety of programs have been directed at assisting women small business owners. Policymakers are attracted to these programs since

¹⁰⁶Reported in The AFDC Task Force on Self-Employment, *Self-Employment for Maine's AFDC Recipients*.

¹⁰⁷ Nancy C. Jurik, "Getting Away and Getting by: The Experiences of Self-Employed Homeworkers," *Work & Occupations* 25, no. 1 (February 1998): 7-35. P. 31.

¹⁰⁸See Carr, "Two Paths to Self-Employment?"; Servon and Bates, "Microenterprise as an Exit Route from Poverty."; Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

they believe that microenterprise lending, training and technical assistance can foster responsibility, initiative and self-reliance, and therefore "bridge the economic gap between low-income or impoverished women and the mainstream labor market."¹⁰⁹ At the same time, study after study shows gender differences in the payback to self-employment and small business, both within sectors and across sectors.¹¹⁰ Indeed, as Standing notes "Overall, women earn less than men everywhere....Part of the explanation is that women work in lower-paying occupations and because they hold lower-level positions. For example, even with the sustained growth of women-owned businesses in the"¹¹¹ U.S. in the past twenty years, women's sales remain consistently lower than men's.¹¹² Or, as Servon and Bates state "being male is clearly linked to enhanced profits."¹¹³

These gender differences are well documented both within the U.S. and throughout the world. As Downing comments, "returns to women's enterprises tend to be lower than those of men's enterprises in case after case."¹¹⁴ In part, this can be explained by women's limited access to resources, resulting in start-up capital that is a fraction of men's, a reliance on more rudimentary technology, and fewer

¹⁰⁹ Ehlers and Main, "Women and the False Promise of Microenterprise." P. 425.

¹¹⁰ See, for example Brush, "Research on Women Business Owners."; Carr, "Two Paths to Self-Employment?"; Chen, Sebstad and O'Connell, "Counting the Invisible Workforce."; Jurik, "Getting Away and Getting by."

¹¹¹ Standing, "Global Feminization Revisited." P. 546.

¹¹² Ehlers and Main, "Women and the False Promise of Microenterprise." P. 429.

¹¹³ Servon and Bates, "Microenterprise as an Exit Route from Poverty." P. 434.

¹¹⁴ Downing, *Gender and the Growth and Dynamics of Microenterprises*. P. 17.

workers in each enterprise.¹¹⁵ The link between women's household and marketing activities also accounts for some of the disparity, since women's trading activities grow out of their daily tasks, utilizing basic equipment and premises are which are already available to them.¹¹⁶ However, in a larger sense, women's status as microentrepreneurs results from the gender structuring of the economy which systematically disadvantages women.

The result of these gender differences, or the gender-structure of microenterprise opportunities is a significant disparity between the growth, income and profit potential of women's and men's small-scale enterprises. Such inequities constitute the impetus for a number of microenterprise assistance programs, which seek both to provide credit at reasonable rates to small entrepreneurs and to reduce the disparity in women's and men's access to resources.

Even while data indicate that not all women will succeed as microentrepreneurs, many researchers support the continued development of microenterprise assistance programs for women.¹¹⁷ For those that do succeed microenterprise can improve the quality of life of both the women microentrepreneurs and her family. However, successful programs depend on a clear assessment of the barriers to women's self-employment and small business

¹¹⁵ Downing, *Gender and the Growth and Dynamics of Microenterprises*. P. 18.

¹¹⁶ Bruce, "Homes Divided."

¹¹⁷ Analysts who acknowledge the limitations of microenterprise while advocating for continuing development of microenterprise assistance include Lisa J. Servon, "Microenterprise Programs in U.S. Inner Cities: Economic Development or Social Welfare?" *Economic Development Quarterly* 11, no. 2 (May 1997): 166-80; Salome Raheim, "Problems and Prospects of Self-Employment as an Economic Independence Option for Welfare Recipients," *Social Work* 42, no. 1 (January 1997): 44-53; Rhyne, *Expansion with Quality*, Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

success: the meaning and implications of “informality”; the ways that social location circumscribes women’s opportunities; and the legal and regulatory environment in which women microentrepreneurs operate. In other words, successful programs must take a combination of individual and structural factors into consideration.

With this picture of women microentrepreneurs in mind, Chapter 3 is an assessment of the practices of microenterprise assistance. It takes up the development of microenterprise assistance first in the developing country context, and then focuses more intensively on how these strategies have been transferred to the U.S., as policymakers, funders and governments seek to harness the vitality of informal activities at the same time as they reduce social insurance. I undertake a gender analysis of the practice of microenterprise assistance, looking in particular at how an understanding of gender structuring is or is not articulated in these practices. This analysis then, forms the basis for an assessment of three microenterprise assistance organizations, which I address in Chapters 4 and 5.

Chapter 3: The Practices of Microenterprise Assistance

To a large extent microenterprise development in the U.S. owes its existence to women's economic development. Inspired by the experiences in third world countries, microenterprise has a natural appeal for women's development: it provides a manageable point of entry into small business development, requires few resources for start-up and can be built on the skills and experiences already available to women. Microenterprise development is also understood as an empowerment opportunity for the poor. The lessons learned from women's economic development are informing the emerging consensus on microenterprise practice and are influencing the debate on federal microenterprise policy. It is also changing the ways in which outcomes are defined and programs are evaluated - Ellen Golden, Coastal Enterprises Inc.¹

I. Introduction

As I note in Chapter 1, I frame my discussion of microenterprise assistance within debates about development assistance generally and gender and development particularly. I do so in order to highlight the manifestation of development theories in the practice of *gender sensitivity*. In particular, I am concerned with how the growth of microenterprise lending and training strategies has been shaped within debates about how to engender economic development, self-sufficiency, and economic independence. However, these debates are not simply determinative. Microenterprise organizations often exhibit a tension or contradiction in their goals of addressing poverty and economic disinvestment. For example, many microenterprise proponents claim that microenterprise assistance "begins by recognizing a person's strengths—the skills, aptitudes, interests, and

¹ Ronald L. Phillips and Ellen F. Golden, "Community-Based Economic Development and Sustainable Development," in *Toward a Sustainable Maine: The Politics, Economics, and Ethics of Sustainability*, ed. Edmund S. Muskie Institute of Public Affairs (Portland, ME: University of Southern Maine, 1993), 189-234. Pp. 227-228

experience that they already have."² In other words, these programs are built on respect for the capabilities and potential of those they are targeting. Often they view microenterprise lending and training as a response to market gaps and discriminatory lending practices. This is in distinct contrast with programs that view beneficiaries needy or somehow deficient, or what Moser has described as a "welfarist" approach.³ At the same time, many microenterprise assistance programs implicitly support a view of poverty as the result of a lack of individual initiative rather than poverty being caused by uneven development and structural disadvantage or discrimination.

Using the analysis developed thus far about gender and microenterprise, in this chapter I turn my focus to the practice of microenterprise assistance. I begin by reviewing the main debates about microenterprise assistance in the developing world over the past thirty years. I then assess how these debates are being articulated as microenterprise is translated into the U.S. context where microenterprise is becoming an increasingly popular development strategy. Finally, I apply a gender analysis to the most frequently utilized mechanisms and methods of assistance. In doing so, I highlight the relationship between the philosophical approach of an assisting organization and the operationalization of these values into the predominant strategies and methodologies they use. Based on this assessment, I turn in Chapter 4 and 5 to focus intensively on three organizations

² Elaine Edgcomb, Joyce Klein and Peggy Clark, *The Practice of Microenterprise in the U.S.: Strategies, Costs, and Effectiveness* (Washington, D.C.: The Aspen Institute, 1996). P. 1

³ Carolyn O.N. Moser, "Gender Planning in the Third World: Meeting Practical and Strategic Needs," in *Gender and International Relations*, ed. Rebecca Grant and Kathleen Newland (Bloomington: Indiana University Press, 1991), 83-121.

which provide microenterprise assistance: Coastal Enterprises Inc., Cooperative Economics for Women, and the Urban Women's Center.

Throughout this assessment, I pay particular attention to how particular understanding of the obstacles faced by women microenterpreneuers and the gender structuring of the economy (or *gender sensitivity*) are manifested in organizational approaches to *sustainability*. I use the concept of *sustainability* to highlight two organizational tensions: the way that organizations balance economic and social concerns, and how they negotiate efforts to advance economic opportunities for individuals with a concern for facilitating community development. I argue that assistance efforts that seek to advance women's economic independence must grapple with the structural obstacles that women face as microentrepreneurs, as well as the market gaps that make it difficult for women, among others, to secure loans for their enterprise initiatives.

II. Financial and Social Intermediation:⁴ An Overview of the Global Debate

Generally, debates about the most effective form of microenterprise assistance rest on either of two contrasting views, which vary in their objectives, the primary groups they target, the methodology they employ and the operating principles they practice. Mohini Malhotra describes the two perspectives as the

⁴Lynn Bennet and Mike Goldberg define social intermediation to include both advocacy and social support services. These are "efforts aimed at strengthening socially and economically marginal clients by encouraging them to organize into self-help groups." Lynn Bennett and Mike Goldberg, *Providing Enterprise Development and Financial Services to Women: A Decade of Bank Experience in Asia*, Asia Technical Department Series World Bank Technical Paper Number 236 (Washington, D.C.: The World Bank, 1993). P. 2.

“financial systems” approach and the “poverty lending” approach.⁵ In the financial systems approach, the overriding goal of microenterprise assistance is to create self-sustaining financial institutions for the poor. This requires that microenterprise assistance organizations be built upon a perspective which includes a market-orientation, the inclusion of a savings component in the financial institution, and a commitment to charging interest rates that cover the cost of providing services. These three principles set the conditions for assisting organizations themselves to become financially self-sufficient, and therefore, to continue to provide assistance as well as other services needed by low-income microentrepreneurs. Proponents of this view most clearly articulate the economic goal of filling a market gap or a failure of the formal system of financial intermediation. While the social or political goals of assisting those in need plays a role in shaping these perspectives, often they are assumed rather than clearly stated.

Those advocating a financial systems approach⁶ emphasize the importance of a market-driven model of microenterprise finance. Among other features of this model is the view that those receiving loans should be considered clients or customers, rather than beneficiaries of charity. Such a view of those receiving loans is one of respect for the capacity of the clients to know how best to spend the money they receive. Moreover, they propose that microenterprise finance agencies can become self-sustaining by streamlining operations, charging interest rates that

⁵Malhotra notes, accurately, that these two approaches are not always sharply defined, and principles of one may well be incorporated into the other. See Mohini Malhotra, *'Poverty Lending' and Microenterprise Development: A Clarification of the Issues*, GEMINI Working Paper No. 30 (Bethesda, Maryland: GEMINI, 1992).

⁶See Maria Otero and Elisabeth Rhyne, *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor* (West Hartford, CT: Kumarian Press, 1994).



cover costs, and by operating on a minimalist model, focusing primarily on the delivery of financial services, rather than training, mentoring, technical assistance, etc. Finally, the indicators of success lie at the institutional rather than individual level. Success is marked by the level of financial sustainability of the institution rather than an evaluation of use of funds by borrowers.

Generally, the poverty lending approach sets social benefits and social development at the center of programmatic goals and targets the poorest of the poor. Malhotra comments that these programs "have been characterized by subsidies, a welfare-oriented approach, and a greater emphasis on meeting socio-developmental objectives of empowerment and participation than on achieving financial sustainability."⁷ Scholars and practitioners who subscribe to this perspective, particularly those focusing on lending to women microentrepreneurs, take the position that other forms of assistance are important to helping women succeed as microentrepreneurs. Indeed, some observers claim that even the concept of "success" itself must be interrogated. Berger, for example, argues that credit is often used for stabilization of household income rather than growing a business.⁸ Since household and business finances are often not disaggregated, distinguishing how credit is used may be complicated. However, for many women microentrepreneurs, stabilization rather than growth may be the goal, and assistance organizations can play an important role in helping women secure this

⁷ Malhotra, *Poverty Lending and Microenterprise*.

⁸ Marguerite Berger, "Key Issues on Women's Access to and Use of Credit in the Micro- and Small-Scale Enterprise Sector," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 189-216.

goal. Unlike the financial services approach, indicators of success require an analysis of how individual women use credit, savings and training.

Moreover, proponents of this approach often address the need to bring about changes in gender structuring in economic, political and social systems, through advocacy and action. Proponents of the poverty lending philosophy emphasize that credit and savings serve multiple purposes for poor women as they seek to sustain their own livelihoods as well as provide for the subsistence needs of themselves and their families. While the financial systems approach shares a concern with the various uses of credit and savings, and specifically does not value credit over savings, financial systems advocates caution against an emphasis on ancillary services like training, mentoring, etc., as costly and distracting.

From a gender-sensitive perspective, a distinction can be made between those approaches that aim at increasing women's economic opportunities and independence through microenterprise lending and those which focus on improving the returns to these activities and filling a market gap by creating sustainable financial institutions which serve poor women. However, one cannot easily categorize the alternate approaches as "limiting" or "expansive", nor "conservative" or "progressive." Indeed, one must place the practice of microenterprise assistance within the context of debates over development and development assistance, where the discourse of self-reliance, self-sufficiency and economic independence do not exhibit their meanings with transparency. As Irene Tinker argues,

economic principles that undergird development programs for large free-market enterprises presume values and motivation that frequently are at odds with those practiced by microentrepreneurs in both developing and developed countries. Indeed, while the large free-market enterprises

consider profit-making and growth the very essence of entrepreneurship, microenterprises focus rather on family subsistence needs.⁹

Clearly, microenterprise tracks the poor into the market economy, while at the same time offering support and assistance to those already attempting to eke out an often marginal existence in this context. On the one hand, the promise of successful enterprise development may be more chimera than reality. However, given the large numbers of enterprise efforts of the poor, such assistance efforts can play a critical role in ensuring survival or livelihood stabilization.

The Debate over Training

When one looks at women microentrepreneurs in particular, the picture becomes even more complex. The assumption by those promoting a poverty lending perspective¹⁰ that women need business training and self-esteem building in order to become successful microentrepreneurs – particularly when they are simply seeking credit and savings opportunities – is viewed by some as an inaccurate and often patronizing view of their knowledge and capacity to calculate their needs.¹¹ From this perspective, the requirement of some intermediary agencies (those organizations which carry out assistance to microentrepreneurs with the financing of governments or large donors) and non-governmental programs that lending must be coupled with training, is an obstacle to poor women's ability to

⁹ Irene Tinker, "The Human Economy of Microentrepreneurs," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 25-40.

¹⁰ See for example Berger, "Key Issues.,"; Judith Tendler, "What Ever Happened to Poverty Alleviation?" *World Development* 17, no. 7 (1989): 1033-44.

¹¹ Maria Otero, "The Evolution of Nongovernmental Organizations Toward Financial Intermediation," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne (W. Hartford, CT: Kumarian Press, Inc., 1994), 94-104.

secure loans and credit for their enterprise initiatives. Moreover, many female microentrepreneurs are as much in need of safe and liquid savings mechanisms as credit.¹²

On the other hand, a number of researchers have observed that women who participate in training programs along with receiving loans, are more successful in negotiating their multiple responsibilities of business owner and primary family caretaker.¹³ For example, Women's World Banking, which was established in 1979 in the Netherlands, acts as a financial intermediary between lending institutions, community organizations, and individual women. WWB requires all loan recipients to participate in a WWB training course. Their own experience is that this leads to a higher success rate. Moreover, WWB also provides ongoing assistance through a strong network of professional affiliates, mentoring, and networking. In addition, as Berger, Awori, and Dignard and Havet¹⁴ note, many of the obstacles that women face in building successful enterprises (however they define success) stem from broader forces in the political, economic and cultural system. Baud and de

¹²Indeed some of the most successful microenterprise assisting agencies incorporate a optional savings component as one of the central services they offer. SEWA started with this as one of its earliest projects. Here it is also important to make a distinction between those agencies which offer savings services — in the form of more or less formal banking, and those which require borrowers to save a portion of their loan as part of the terms of the loan.

¹³For instance, see Isa Baud and G.A. de Bruijne, eds., *Gender, Small-Scale Industry and Development Policy* (London: Intermediate Technology Publications, 1993); Berger, "Key Issues."; Deborah Carr, "Two Paths to Self-Employment?: Women's and Men's Self-Employment in the United States, 1980," *Work & Occupations* 23, no. 1 (February 1996): 26-53; Sara Gould, "A Collaborative Venture: Creating Jobs for Women," *Equal Means: Women Organizing Economic Solutions* 2, no. 3 (Summer 1995): 20-23.

¹⁴See Thelma Awori, "Training Issues: Women in Micro- and Small-Scale Enterprises in Africa," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 229-48; Berger, "Key Issues."; Louise Dignard and Jose Havet, "Introduction," in *Women in Micro- and Small-Scale Enterprise Development*, ed. Louise Dignard and Jose Havet (Boulder, CO: Westview Press, 1995), 1-24.

Bruijne,¹⁵ for example, comment that women acquire different job skills than men and have less access to comprehensive training. In addition, women are often less mobile than men. Addressing these barriers, their research indicates, requires more than credit or savings – it requires coordinated advocacy and action.

Moreover, a number of researchers have argued that training and technical assistance may be even more important in the United States, because the obstacles are greater than a lack of access to credit.¹⁶ For example, in a review of the recent growth of microenterprise assistance in the U.S., Jacqueline Novogratz argues that microenterprise lending is successful in the global south because the concentration of microentrepreneurs and the large informal economies within which these enterprises operate makes the creation of self-sustaining microenterprise credit institutions feasible.¹⁷

The context of poverty and microenterprise in the U.S. differs substantially from the global south.¹⁸ Since the informal economy in the U.S. remains relatively small (even while the small business sector is growing), small businesses face a

¹⁵ Baud and de Bruijne, *Gender, Small-Scale Industry and Development Policy*.

¹⁶ See, for example, John F. Else and Carmel Clay-Thompson, *Refugee Microenterprise Development: Achievements and Lessons Learned* (Iowa City, Iowa: Institute for Social and Economic Development, 1998); Gould, "Creating Jobs for Women."; Jacqueline Novogratz, *Hopeful Change: The Potential of Micro-Enterprise Programs as a Community Revitalization Intervention*, Report (New York: Rockefeller Foundation, 1992).

¹⁷ Novogratz, *Hopeful Change*.

¹⁸ See Fred O'Regan, *The Evolution of Microenterprise Development: From the Third World to the First* (Washington, D.C.: The Aspen Institute, n.d.); Elisabeth Rhyne, *Expansion with Quality: Building Capacity in American Microenterprise Programs* (Bethesda, MD: Development Alternatives, Inc., 1993).

great deal of competition.¹⁹ As a result, the role of training and technical assistance, along with advocacy may be even more critical.²⁰ As we can see in the practice of microenterprise assistance, these different readings of the context within which microentrepreneurs operate have significant implications for the types of programs that are created, how they are operated, and how they are evaluated.

In general, research on microenterprises throughout the world indicates that microentrepreneurs can and do utilize small loans whether or not additional training is provided, particularly as a lack of capital constitutes one of their major barriers to growth and success.²¹ In fact, despite the reluctance of commercial banks to lend to small-scale ventures, repayment rates, even at market interests rates, are sometimes quite high.²² Thus, non-profit and governmental efforts to create credit sources for microenterprises may have the potential for becoming self-sustaining over time. For instance, the Working Women's Forum in India was initiated as a cooperative banking system to provide credit for poor women. They have now reached nearly two million women, and have a credit recovery rate of over 95

¹⁹The scale of the self-employed sector in the US is much smaller than in the developing world. Clark and Kays note that the self-employed population in the US is generally estimated at between 10-15% of the working population, compared to 50-60% in the developing world. Peggy Clark and Amy J. Kays, *Enabling Entrepreneurship: Microenterprise Development in the United States* (Washington, D.C.: The Aspen Institute, 1995).

²⁰See Gould, "Creating Jobs for Women."; O'Regan, *Evolution of Microenterprise Development*.

²¹ Baud and de Bruijne, *Gender, Small-Scale Industry and Development Policy*; Dignard and Havet, "Introduction."; Jeanne Downing, *Gender and the Growth and Dynamics of Microenterprises*, GEMINI Working Paper No. 5 (Bethesda, MD: Development Alternatives, Inc., 1990); Gould, "Creating Jobs for Women."

²²See Bennett and Goldberg, *Providing Enterprise Development Services to Women*.

percent, a figure not uncommon among non-profit lenders in the global South.²³

Women's World Banking, the Grameen Bank, ACCION affiliates, and many others, similarly report near perfect repayment rates. Clearly, these high repayment rates contradict the impression of most lending institutions that the poor, and poor women, are not good credit risks. In fact, many poor women have a long history of borrowing, from family or local money lenders (who generally charge extremely high interest rates). Women in villages and communities throughout the world participate in local savings associations and mutual support networks. Indeed, informal sector enterprises often rely upon informal credit providers -- money lenders, wholesalers or "middlemen" -- who provide goods on credit or loans. These local moneylenders tend to charge quite high interest rates, thereby draining the capacity of marginal initiatives to expand. Indeed, it was precisely the observation that the self-employed and microentrepreneurs regularly received credit and paid it back that fostered the initiation of microenterprise assistance by governments and non-governmental organizations around the world.

III. Microenterprise Assistance: The U.S. Debate

A Growing Industry

Microenterprise assistance is a relatively recent import to the U.S., and projects have often been explicitly inspired by and modeled after projects in Asia or Latin America. Of course, self-employment has long been an option in the U.S. as elsewhere. Indeed, the rhetoric of individual initiative and enterprise holds an

²³ GROOTS, *GROOTS Network News* (Brooklyn, NY: National Congress of Neighborhood Women/GROOTS, 1994).

honored position in the historical discourse of U.S. economic development, often marking the “deserving” from the “undeserving” poor.²⁴ Most states and localities have had some form of small business assistance program in place for many years. Yet, the notion of microenterprise as an anti-poverty strategy and form of community development, reaching out to the very poor to initiate tiny businesses is a recent transplant to the U.S. from the “third world”. The 1992 Directory of Microenterprise Programs, published by the Aspen Institute's Self-Employment Learning Project, documents 108 projects in 38 states as of September 1991. The data is based on a survey mailed to 463 community development groups. Over half (57.4%) were initiated after 1985, and nearly three-quarters (74%) were started after 1980.

The 1996 Directory attests to the enormous growth of microenterprise assistance. It documents 328 US programs, located in 46 states and the District of Columbia. It shows an increase of over 300% since the 1992 Directory. The 1996 Directory divides these programs into “practitioner agencies” (providing direct services in the form of loans and/or technical assistance) and “practitioner support agencies” (which provide funding, training, program evaluation; regional networks and trade associations; and research organizations).²⁵ Since then, the growth of microenterprise assistance appears to have slowed.

²⁴ Nancy Fraser and Linda Gordon, “Contract Versus Charity: Why Is There No Social Citizenship in the United States?” *Socialist Review* 22 (July-September 1992): 45-67.

²⁵See Economic Opportunities Program, *Microenterprise Assistance: What Are We Learning About Results? Key Findings from the Aspen Institute's Self-Employment Learning Project* (Washington, D.C.: The Aspen Institute, 1997); C. Alexander Severens and Amy J. Kays, *1996 Directory of U.S. Microenterprise Programs* (Washington, D.C.: Self-Employment Learning Project, The Aspen Institute, 1997).

Economic versus Social Development

The debate over microenterprise assistance in the U.S. takes up some of the major issues evidenced in the global debates even though the context of poverty in the U.S. differs markedly from that of the global south. Questions about targeting existing microentrepreneurs or training new entrepreneurs, or the balance of lending versus training are translated into ongoing questions of U.S. economic and social policy. The crux of the debate over microenterprise assistance in the U.S. is over whether microenterprise can be seen as an effective instrument for addressing economic and/or social development concerns. Proponents of microenterprise assistance emphasize the role that credit and training can play in bringing marginalized groups into the economic mainstream, often posed against the specter of welfare dependency.²⁶ Critics argue that even when microenterprises are sustainable, they do not challenge systematic economic and social discrimination -- in others words, microenterprise organizations target individuals rather than addressing larger structural issues.²⁷ Moreover, many also emphasize that small numbers of microenterprises alone will not revitalize distressed communities.²⁸

²⁶For instance, see Clark and Kays, *Enabling Entrepreneurship*; Edgcomb, Klein and Clark, *PMUS*; Salome Raheim, "Problems and Prospects of Self-Employment as an Economic Independence Option for Welfare Recipients," *Social Work* 42, no. 1 (January 1997): 44-53.

²⁷ Tracy Bachrach Ehlers and Karen Main, "Women and the False Promise of Microenterprise," *Gender & Society* 12, no. 4 (August 1998): 424-40; Gina Neff, "Microcredit, Microresults," *Left Business Observer* 74 (October 1996): 4-5; Roberta Spalter-Roth, Enrique Soto and Lily Zandniapour, *Micro-Enterprise and Women: The Viability of Self-Employment as a Strategy for Alleviating Poverty* (Washington, D.C.: Institute for Women's Policy Research, 1994).

²⁸See John Buntin, "Bad Credit," *The New Republic*, March 31 1997, 10-11; Ehlers and Main, "Women and the False Promise of Microenterprise."; Neff, "Microcredit, Microresults."; Lisa J. Servon, "Microenterprise Programs in U.S. Inner Cities: Economic Development or Social Welfare?" *Economic Development Quarterly* 11, no. 2 (May 1997): 166-80; Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

As Lisa J. Servon argues, one of the difficulties of assessing microenterprise assistance in the U.S. context is that it is a development strategy that marries elements of economic development and social welfare.²⁹ Economic development has been primarily focused on assisting *places*, even when emphasizing assistance to low-income communities. Economic development, she comments, emphasizes the economic health of a place, supporting the “generation, stabilization, expansion, and attraction of businesses to a particular area.”³⁰ In contrast, social welfare or anti-poverty strategies target people – as individuals, families or communities. Today, social welfare programs emphasize building the capacity for self-sufficiency through a range of services.³¹ However, Servon suggests that it is precisely the marriage of traditional economic development with social welfare concerns that constitutes the promise of microenterprise assistance.³² The context is an increasing shift from a traditional economic development approach of business attraction to business generation and a growing emphasis on local solutions on the economic development side, combined with a shift in traditional social welfare policy from income-based strategies to asset-based strategies centered on building self-sufficiency. The question is whether the growing focus on business generation and asset-based strategies form the basis of new and potentially more successful

²⁹ Lisa Servon, "Reconstructing Urban Poverty Policy: Alternative Credit, Poverty Alleviation, and Economic Development in US Inner Cities," Ph. D. Diss. (Berkeley: University of California, 1995); Servon, "Microenterprise Programs in U.S. Inner Cities."

³⁰ Servon, "Microenterprise Programs in U.S. Inner Cities." P. 168.

³¹ Servon, "Microenterprise Programs in U.S. Inner Cities." P. 168.

³² Servon, "Reconstructing Urban Poverty Policy."

solutions to both poverty and development?³³ Moreover, such hybrid strategies may offer particular benefits to women, who are less likely to commute long distances and are more reliant than men on the local economy.³⁴

However, in contrast to the global debate about microenterprise, most analysts of microenterprise in the U.S. emphasize the need for both lending and training.³⁵ Drawing on data from the two largest microenterprise research endeavors in the U.S. – the Self-Employment Investment Demonstration and the Self-Employment Learning Project, Raheim argues that the mix of business training, technical assistance and assistance with receiving loans have shown success.³⁶ Raheim notes that the survival rate for businesses initiated through microenterprise assistance programs have a higher survival rate than the national average. Moreover, these businesses have economic development effects by creating additional jobs, and they have social benefits in the form of increased skills, self-esteem and confidence in business owners.³⁷ At the same time, Raheim also comments that “individuals who pursue self-employment face greater financial risks than those who choose traditional welfare-to-work options.”³⁸

Critics, on the other hand, caution that microenterprise is not for everyone.

³³ Servon, "Reconstructing Urban Poverty Policy."

³⁴For an overview discussion of gender in local economic development planning, see Evelyn Blumberg, "Gender Equity Planning: Inserting Women Into Local Economic Development," *Journal of Planning Literature* 13, no. 2 (November 1998): 131-46.

³⁵See, for instance Gould, "Creating Jobs for Women."; Novogratz, *Hopeful Change*; Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

³⁶ Raheim, "Problems and Prospects of Self-Employment."

³⁷ Raheim, "Problems and Prospects of Self-Employment." P. 48.

³⁸ Raheim, "Problems and Prospects of Self-Employment." P. 49.

First, the most traditionally successful microentrepreneurs (whose businesses are maintained and expanded with increased profits and jobs generated) tend to be those with resources and support. Spalter-Roth, et al. found that "a relatively secure income base is an important factor in ensuring self-employment success."³⁹ They further argue that self-employment by itself is unlikely to lead women to self-sufficiency. In particular, self-employment may not generate an adequate income for an individual or a family, and in many cases, low-income self-employed individuals do not earn enough to also pay for health care or other social benefits. A serious illness, may therefore mean the end of the enterprise.

However, self-employment or microenterprise can be a very useful part of an income packaging strategy.⁴⁰ This suggests that assisting organizations need to address the creation of resources and support, along with training and lending in order to most effectively help low-income women in the U.S. become successful microentrepreneurs. Moreover, given the complex regulatory environment in the U.S., microentrepreneurs may also need legal and economic literacy training.

Other critics, such as Buntin, Neff and Ehlers and Main⁴¹ express concern about the individualist approach of most microenterprise lending and training programs. In particular, they are critical of the tendency of such an approach to suggest that success or failure of businesses rests in the hands of individual microentrepreneurs, rather than engaging in a "critical analysis of the gendered

³⁹ Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

⁴⁰ Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*. P. 14.

⁴¹ Buntin, "Bad Credit."; Ehlers and Main, "Women and the False Promise of Microenterprise."; Neff, "Microcredit, Microresults."

nature of the business world that might give women a broader understanding of the barriers to successful business ownership beyond their individual circumstances."⁴² Others note that the number of people trained in microenterprise programs is greater than the number of jobs and businesses they generate.⁴³ Finally, Servon and Bates have found that the most common target population of microenterprise assistance – poor, disadvantaged people interested in starting or expanding a small business – have been difficult to reach. Servon and Bates comment that “[while] microenterprise programs set out to bring entrepreneurship to the most disadvantaged populations, the portrait that emerged [of the typical microentrepreneur as an educated, skilled worker] makes sense, given the demands involved in running a business.”⁴⁴ As a result of this observation by assisting organizations, they note, programs have diversified by offering more training, even while loan funds are underutilized.⁴⁵

Several inferences can be drawn from this debate. First, microenterprise assistance does seem to be beneficial for a small and particular group of would-be or existing entrepreneurs – those with resources, education and support – primarily as financial or specific technical assistance. However, this also implies that microenterprise assistance organizations should be helping to build these capabilities in those who might have the interest but not the skill set, to initiate an

⁴² Ehlers and Main, "Women and the False Promise of Microenterprise."

⁴³ Servon, "Reconstructing Urban Poverty Policy."

⁴⁴ Lisa J. Servon and Timothy Bates, "Microenterprise as an Exit Route from Poverty: Recommendations for Programs and Policy Makers," *Journal of Urban Affairs* 20, no. 4 (1998): 419-41. P. 423

⁴⁵ Servon and Bates, "Microenterprise as an Exit Route from Poverty." P. 427

enterprise – falling more along the social development end of the services spectrum. Second, building on my argument in Chapter 2, many of the barriers to self-employment and microentrepreneurship of women are based in structural, not individual factors – the gender structuring of the economy, discrimination, and the implications of gender stereotyping for women’s disproportionate responsibility for family care. For women to be successful as microentrepreneurs, legal, economic and political literacy may be critical – practices that often fall somewhat outside the goals of many organizations that emphasize economic or social development. In other words, they must be both *gender sensitive* and *sustainable*.

The issue of sustainability is being debated at length as microenterprise assistance moves into its third decade. At its broadest, sustainable development models seek to “provide all people with sufficiency in order to sustain life, the community and the society,” while protecting the environment in ways that support a wide range of local conditions.⁴⁶ In the context of microenterprise assistance, sustainability can refer either to self-supporting financial institutions or sustainability of outcomes (i.e. sustainable businesses, sustainable communities, etc.). As I have noted, I use *sustainability* in a narrow sense, to describe the attempt to resolve tensions between economic and social goals, and individuals with communities.

⁴⁶ Interhemispheric Resource Center, *More Than One Way: A World of Alternatives*, Quarterly Bulletin, No. 52 (Albuquerque, NM: Interhemispheric Resource Center, 1999). See also Herman E. Daly and John B. Cobb, Jr., *For the Common Good: Redirecting the Economy Toward Community, the Environment, and a Sustainable Future* (Boston, MA: Beacon Press, 1989); Marilyn Waring, *If Women Counted: A New Feminist Economics* (New York: HarperCollins, Publishers, 1988).

III. Microenterprise Agencies and the Methodologies of Assistance

Support for microenterprise assistance comes from a range of institutional sources: government programs which often receive support from international assistance programs (like those supported by USAID, European overseas assistance agencies or the World Bank); international organizations with local affiliates, like ACCION or Women's World Banking; or local, grassroots organizations which function independently of affiliation to an international NGO, although these are likely to rely upon international or government funding sources. While some large projects exist, most are small in scale and therefore lack financial self-sufficiency.⁴⁷

Some poverty-focused development banks, like the Grameen Bank in Bangladesh or BancoSol in Bolivia,⁴⁸ appear to be approaching financial sustainability. Some have been successful in reaching women. These banks build upon traditional savings schemes of low-income communities and "scale-up" to operate more extensively. They are in the lead of the effort to create sustainable financial institutions for the poor. Some non-governmental organizations are developing greater capacity to "intermediate" resources, in order to create

⁴⁷For more discussion on this topic see Marguerite Berger, "Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty," *World Development* 17, no. 7 (1989): 1017-32; Marguerite Berger, "An Introduction," in *Women's Ventures: Assistance to the Informal Sector in Latin America*, ed. Marguerite Berger and Mayra Buvinic (Hartford, CT: Kumarian Press, 1989), 1-18; Leila Webster, *World Bank Lending for Small and Medium Enterprises: 15 Years of Experience*, World Bank Discussion Paper 113 (Washington, DC: World Bank, 1991).

⁴⁸Banco Solidario, or BancoSol is a private commercial bank, initiated by the Bolivian NGO Fundacion para la Promocio y Desarrollo de la Micro Empresa-PROMDEM, with support from several national and international funders including the Calmeadow Foundation of Canada, ACCION International, USAID, the Bolivian Fondo Social de Emergencia, and other private Bolivian sources.

sustainability by linking microentrepreneurs to more formal financial institutions. In some cases, this has involved the conversion of non-governmental organizations into commercial banks, like BancoSol, Grameen and SEWA, which provide credit to the poor and give them a place to save. This process can be transformative because it empowers people by giving them access to money and knowledge.

In the United States, the increasing emphasis over the past twenty years on reducing "welfare dependency" and the search for solutions to chronic unemployment has led community organizers and policymakers to reflect on the growing experience of "third world" efforts to encourage and support microenterprise and microentrepreneurs. Many of these efforts have focused primarily on women, particularly those endeavors spearheaded by non-governmental organizations. Joyce Klein, an early microenterprise proponent in the U.S., suggests that the diversity of programs can be examined along three dimensions: (i) the organizations' mission and the outcomes anticipated by microenterprise assistance (i.e. assistance as a development strategy or assistance for business development services); (ii) the characteristics of the population targeted for assistance; (iii) the assistance methodology employed (a. credit-led individual lending; b. training-led programming; c. group lending).⁴⁹ This is a useful way to categorize programs because it allows for a clearer view of the relationship between program philosophy and the operationalization of this philosophy in the population served and the methods used. I have explored the issue of organizational mission and philosophy in Section II of this chapter, and return to it in Sections IV and V of this chapter. I

⁴⁹ Joyce Klein, *The Status of the Microenterprise Field*, Report (Washington, D.C.: Corporation for Enterprise Development, 1994). in Servon, "Reconstructing Urban Poverty Policy." P. 113-114.

look more intensively at the relationship between the population targeted and the organizational mission more extensively in Chapters 4 and 5. In the remainder of this section, I focus primarily on questions of organizational methodology in lending and training for microenterprise.

Microenterprise Assistance Agencies in the U.S.

Until recently, microenterprise assistance in the U.S. had been the purview of the private and non-profit sector, with uneven links to each other and to government programs. From early on, projects focusing on women have been prominent. In part, the focus of many microenterprise assistance program on women results from sustained criticism by feminist organizers and development planners about the perverse impacts of traditional development projects, which have often reduced the visibility of women's economic activity and promoted men's control over production and distribution. In fact, some organizations set out explicitly to address the inequities in the gendered division of labor and the need to develop programs which increase women's economic opportunities and income-generating potential.

In the U.S. the first major research on microenterprise assistance agencies began with the establishment in 1986 of the Corporation for Enterprise Development's Self-Employment Investment Demonstration (SEID). This multi-state research project, set up with the support of the Ford Foundation and in collaboration with Manpower Demonstration Research Corporation (MDRC), sought to evaluate the efforts of projects designed to help welfare recipients pursue self-employment. In 1991, the Aspen Institute set up the Self-Employment Learning

Project (SELP) with the support of the Ford Foundation, the Charles Stewart Mott Foundation and the Ms. Foundation for Women. SELP is a five-year study of seven agencies which includes three components: a longitudinal study of client and family impacts based on a sample of 405 clients; a multi-site monitoring system; and case study research on strategies, costs and effectiveness of U.S. microenterprise assistance programs. While neither SELP nor SEID are necessarily representative of the entire field of microenterprise assistance in the U.S., they do offer important information about the participation of low-income women in microenterprise assistance programs. However, while both SEID and SELP track the participation of women, and three of the SELP participating agencies provide services primarily for women, there is astonishingly little gender analysis incorporated into these studies. In other words, the published data is not disaggregated by gender, making it difficult to ascertain the different experiences of women and men in U.S. microenterprise programs.

The SELP study does note that microenterprise programs largely reach women and racial or ethnic minorities (62% of the program participants are from a minority ethnic or racial group; 78% are women).⁵⁰ These studies also attest to the wide range of business types initiated. SELP lists the common business types among clients as: apparel and textile production, sales and service; retail and wholesale product sales; professional services; building services, construction, sales and supplies; restaurants, bars, caterers; day care; and jewelry

⁵⁰ Self-Employment Learning Project, *SELP Longitudinal Survey of Microentrepreneurs: Major Findings Change Over Time* (Washington, D.C.: The Aspen Institute, 1998).

manufacturing.⁵¹

Another marker of the formalization of this sector is the founding of a national association, the Association for Enterprise Opportunity, and a wide range of ancillary support organizations. As noted above, the 1996 Directory listed 62 Practitioner Support agencies includes regional coalitions, like the California Association for Microenterprise Opportunity (CAMEO) which works in coalition with other advocacy groups in California to promote microenterprise and affect state policy; national think-tanks like the Center for Policy Alternatives, which provides information, advocacy and networking; state government offices, like the Entrepreneurial Assistance Office of the Pennsylvania Department of Community and Economic Development; university research and technical assistance projects, funders, among others.⁵²

An increasing number of state agencies and the federal Small Business Administration, are now supporting micro-enterprise development, self-employment or small business credit and lending projects. Indeed, in the 1990s, with support from the Clinton Administration, microenterprise assistance has truly "taken off." An increasing number of federal government programs, along with growing support from commercial banks and corporate giving programs and private foundations support the provision of credit and small business training for low-income groups and the creation of non-governmental programs which assist the enterprise initiatives of the poor. The federal Small Business Administration (SBA) is the

⁵¹ Edgcomb, Klein and Clark, *PMUS*.

⁵² Edgcomb, Klein and Clark, *PMUS*.

primary agency that supports microenterprise lending, through several loan guarantee programs, and through seed lending to local economic development groups which provide technical assistance and credit to microenterprise endeavors. The SBA specifically supports women's projects through the "Women's Prequalification Pilot Loan Program," initiated in 1994. Other important sources of SBA funding to women's microenterprise initiatives are the Microloan Demonstration Project (which operates through non-profit intermediaries like Coastal Enterprises Inc.) and the Low Documentation Loan Program.

A wide variety of other federal agencies also support microenterprise, including the U.S. Department of Health and Human Services (Office of Refugee Resettlement, Job Opportunities for Low-Income Individuals [through non-profit organizations]), the Department of Housing and Urban Development (Community Development Block Grants), and the Commerce Department (Minority Business Development Agency). The SBA's Women's Demonstration Program has been providing training and technical assistance to women business owners since 1988 through 54 business development centers, operated through its Office of Women's Business Ownership. In 1994, the federal Interagency Committee of Women's Business Enterprise was established, to work cooperatively with the congressionally established National Women's Business Council to foster women's business ownership.

Federal government support for microenterprise assistance was bolstered by the passage of the Community Development Financial Institutions Act, signed by President Clinton in September, 1994. The CDFI Fund, based in the US

Treasury Department, created by this act received its first \$50 million in appropriations in the FY95 budget. The CDFI Fund supports both new and established community development financial institutions, to assist their efforts to invest in distressed communities and to help fill a gap left by conventional financial institutions.⁵³ In the FY96 federal budget, another \$45 million was appropriated for the fund. The FY97 budget included \$50 million more to the fund.

In the first round of funding, in 1996, \$35.5 million was distributed to 31 community development agencies. This included four community development banks, 12 loan funds, three venture capital funds, two micro-loan funds, two multi service community development financial institutions and a national community development intermediary.⁵⁴ The second round of funding, announced in October 1996, awarded funding to one new loan fund, and increased funding to two others. In addition, the awardees of the Bank Enterprise Awards were announced, which are used to support partnerships between conventional lenders and community development financial institutions.⁵⁵ The Fund has continued to grow with bipartisan Congressional support.

Thus, microenterprise assistance has received increasing attention and support among both non-profit organizations and government agencies in the U.S. Along with this has been the development of a diversity of programs which espouse a range of economic and social development commitments. Particularly notable in

⁵³See material from CDFI for more details about this legislation.

⁵⁴ CDFI Coalition, *CDFI News* 4, no. 3 (August 1996).

⁵⁵ CDFI Coalition, *CDFI News* 4, no. 4 (November 1996).

this regard is that the increase in government funding for microenterprise assistance draws bipartisan support – as an alternative to welfare dependency or as a form of community development.

Methodologies and Mechanisms of Assistance

A variety of methodologies and mechanisms are engaged to assist micro- and small-scale entrepreneurs. Invariably, the selection of methodology and mechanism is an effect of the goals and objectives of the assisting agency. Methodologies and mechanisms utilized by assistance agencies differ a great deal, as does the scale of the programs. The most common methodologies of assistance include: credit/lending to individuals, solidarity groups/peer lending, training programs, savings services and technical assistance.

The methodology chosen by an organization may be more or less participatory, and incorporate a range of strategies of financial and social intermediation.⁵⁶ A number of program models exist, ranging from minimalist ones which concentrate on providing credit only to individuals who have already started their businesses, to integrated models which offer a range of business development services, individual and group support mechanisms, along with financial services. Some, like ACCION affiliates, focus on providing credit to already existing businesses. Other programs, like FINCA (the Foundation for International Community Assistance) and other village savings schemes, build upon existing informal credit mechanisms, like savings groups, ROSCAS (rotating savings and

⁵⁶For a detailed discussion about the concepts of financial and social intermediation in the context of the experience of World Bank enterprise development and financial services to women in Asia, see Bennett and Goldberg, *Providing Enterprise Development Services to Women*.

credit associations),⁵⁷ and indigenous support systems and networks. Group lending mechanisms build on existing traditions of savings associations. In these associations, women and men (but most often women) with a common bond, pool their savings at regular intervals. Through a mutually agreed upon system, different individuals periodically collect the savings pool. The association draws upon interpersonal ties and mutual obligations, and the pool is given to each user to use as they see fit.⁵⁸

While groups disagree about many aspects of assistance, there is broad consensus about the need for program flexibility and informality in the provision of credit and services. Programs function best when they build upon existing networks of savings and mutual support. Furthermore, some efforts have successfully provided women with the means to expand their enterprise activity and develop control over the assets and income generated while reducing their multiple responsibilities through the provision of childcare and other services. Indeed, there is some evidence that supports the notion that women's access to microenterprise assistance projects can be facilitated by particular program designs. From their review of microenterprise assistance in Asia, Bennett and Goldberg, note three such program design elements, which may also be relevant in the U.S. context:

(I) training services that recognize the economic constraints and cultural

⁵⁷For a discussion of various forms of informal financial intermediation, see Larry R. Reed and David R. Befus, "Transformation Lending: Helping Microenterprises Become Small Businesses," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne (W. Hartford, CT: Kumarian Press, Inc., 1994), 185-204.

⁵⁸ Shari Berenbach and Diego Guzmán, *The Solidarity Group Experience Worldwide*, Monograph Series No. 7 (Cambridge, MA: ACCION International, 1992). Pp. 23-24

barriers faced by women clients, (ii) the incorporation of women staff members in both promotion and delivery of project services, and (iii) the use of community networks and self-help groups.⁵⁹

Before moving on to a broader discussion of gender integration in microenterprise assistance, I will briefly describe the primary mechanisms of assistance: credit/lending to individuals, group lending, savings, and training.

Credit:

Credit is the most popular form of microenterprise assistance. It is seen as a way to counteract both the lack of access microentrepreneurs have to formal banks and the very high rates commanded by local moneylenders. Forms of provision range from direct lending to small enterprises to initiating cooperative producer groups. The impetus behind the provision of credit is the recognition of a gap in financial services to the poor. The wide range of self-employment and small enterprise efforts, and the success of many of these endeavors, have made micro credit a popular development strategy. Credit is, of course, the defining feature of microlending. Those lenders that primarily provide credit (rather than training, savings, etc.) tend to target existing businesses (ACCION, for example) rather than business start-ups.

Group Lending:

To make loans available to those with little or no collateral, many organizations utilize "solidarity groups", which provide support for entrepreneurs and stand in as collateral while the group collectively guarantees the loan. Generally,

⁵⁹ Bennett and Goldberg, *Providing Enterprise Development Services to Women*. P. 3.

a solidarity group or peer lending group gathers a small number of potential borrowers together (3-10) and provides small loans to members of the group. The group acts as "collateral" in the sense that the loans are given one at a time and no new loan is given to a borrower until the previous borrower repays her/his loan. The group thus acts as support or pressure for each member to repay her/his loan. The groups work with the lending agent to decide which group member should receive a loan, and when. Groups may undergo training together, approve or deny loans, and set requirements for receiving loans.⁶⁰

This approach was pioneered by the Grameen Bank in Bangladesh and ACCION International affiliates throughout the Americas, and has been extremely popular across all programs types. Most researchers and practitioners agree that the creation of solidarity mechanisms, or "social intermediation" provides crucial support to microentrepreneurs and vital links to other economic institutions, while creating the conditions for broader social and political participation.⁶¹

Local, grassroots initiatives are frequently more capable of constructing effective links to other institutions, because they can build upon already existing networks and trust and mutual obligations. In fact, the process of "social intermediation" itself creates links between disadvantaged groups and the

⁶⁰ For a brief description of peer lending in a U.S. organizations, Working Capital, see Servon, "Reconstructing Urban Poverty Policy."

⁶¹ For extensive discussions about the solidarity group mechanism, see the publications of ACCION International, and in particular, Maria Otero, *Microenterprise Assistance Programs: Their Benefits, Costs and Sustainability* (Cambridge, MA: ACCION International Discussion Paper Series, Doc. No. 2, 1989). The importance of this form of "social intermediation" is discussed at length in Bennett and Goldberg, *Providing Enterprise Development Services to Women*.

institutions charged with the delivery of services.⁶² Such links increase access to resources and strengthen opportunities for sustained security or growth of women's economic ventures. In this sense, I argue, these mechanisms provide some means to address the structural obstacles that women face as they seek to become microentrepreneurs or to expand their small businesses.

Savings:

Many microenterprise assistance agencies also incorporate savings mechanisms into their program. In some cases, savings are a condition of receiving a loan. In fact, many credit unions and village banks are founded upon the provision of savings services, from which they lend money to their members. Many researchers have shown that poor families do save, and will save money (rather than jewelry or other valuable goods) if the appropriate institutions are available and accessible.⁶³ Many organizations see the provision of savings mechanisms as critical to their mission because the creation of solid, liquid and accessible savings instruments provides low-income communities with the means to better control their resources and generate assets.⁶⁴ Moreover, the mobilization of savings generates

⁶² Bennett and Goldberg, *Providing Enterprise Development Services to Women*. P. 35.

⁶³For a review of this literature, see Marguerite Robinson, *The Role of Savings in Local Financial Markets: The Indonesian Experience*, GEMINI Working Paper No. 33 (Bethesda, MD: GEMINI, 1992).

⁶⁴For more discussion about the role and success of various savings mechanisms, see Sharon L. Holt, "The Village Bank Methodology: Performance and Prospects," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne (W. Hartford, CT: Kumarian Press, Inc., 1994), 156-84; John H. Magill, "Credit Unions: A Formal-Sector Alternative for Financing Microenterprise Development," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne (W. Hartford, CT: Kumarian Press, Inc., 1994), 140-55; Robinson, *Savings & Local Financial Markets*; Marguerite S. Robinson, "Savings Mobilization and Microenterprise Finance: The Indonesian Experience," in *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*, ed. Maria Otero and Elisabeth Rhyne

the potential for self-sustaining financial institutions for the poor. Microenterprise assistance organizations that can collect savings and invest this money in loans payable with interest, have the potential to build a financially self-sustaining institution.

Training:

As I discussed earlier in this chapter, the role of training in microenterprise assistance is widely debated. Those subscribing to the financial systems approach generally argue that training raises costs without significantly adding to success, defined as organizational financial self-sufficiency. To reiterate, the financial systems approach emphasizes the creation of self-sustaining financial institutions for the poor, based on a primary focus on the provision of credit to individual borrowers. Others maintain that training is critical to ensuring the success of women's microenterprises.⁶⁵ In particular, training can address several obstacles to women's success as entrepreneurs: low literacy rates, lack of adequate knowledge of business opportunities, lack of management and other skills critical to successful enterprise development. For example, the Women's Self-Employment Project (WSEP), one of the oldest microenterprise assistance projects in the U.S., provides both individual and group lending, along with training in business planning, financial management, communications, peer support, computer use, self-esteem building, and more. Moreover, they also provide an information clearinghouse, and

(W. Hartford, CT: Kumarian Press, Inc., 1994), 27-54.

⁶⁵See Awori, "Training Women."; Berger, "Key Issues." in particular.

engage in advocacy for legislative change.⁶⁶

Many experienced women's microenterprise assistance projects do provide training and technical assistance in addition to loans and savings. Reviewing the international experience of microenterprise assistance to women strongly indicates that women benefit from additional social and technical services which support their economic endeavors and expand their enterprises beyond marginal status.⁶⁷ As a result, I argue that a gender-sensitive approach to microenterprise assistance shows that training and support services are critical to helping with grapple with the structural obstacles they face in initiating and growing their businesses. Moreover, the fewer resources a woman has, the more important these training and support services play in helping women confront both the economic and social challenges they face in becoming microentrepreneurs. Indeed, a number of studies show that support networks, business training and self-confidence building can be critical to helping women face the gender-specific challenges of microenterprise and small business development.⁶⁸

IV. Integrating gender into microenterprise assistance

Many of the oldest assistance projects – like the Grameen Bank in

⁶⁶ Severens and Kays, *1996 Directory*. Pp. 98-99.

⁶⁷ Bennett and Goldberg, *Providing Enterprise Development Services to Women*; Gould, "Creating Jobs for Women."

⁶⁸ See, for example Berger, "Key Issues."; Carr, "Two Paths to Self-Employment?"; Ehlers and Main, "Women and the False Promise of Microenterprise."; Nancy C. Jurik, "Getting Away and Getting by: The Experiences of Self-Employed Homeworkers," *Work & Occupations* 25, no. 1 (February 1998): 7-35; Novogratz, *Hopeful Change*; Spalter-Roth, Soto and Zandniapour, *Micro-Enterprise and Women*.

Bangladesh and many of the ACCION-sponsored projects in Latin America – target women as the poorest of the poor. Indeed, as the 1996 U.S. Directory documents, many projects in the U.S. also focus on low-income women and women welfare recipients. However, one of the critical questions to investigate in analyzing the explicit and implicit assumptions about gender in microenterprise assistance is how an emphasis on reaching women is articulated and translated into programs. For example, are women viewed as targets to reach in order to serve a larger social function of alleviating poverty or creating jobs? If so, does this leave implicit assumptions about gender unexamined in a way that is detrimental to women, as some gender and development analysts have suggested?⁶⁹ Or are women targeted as part of an effort to intervene in the existing gender structuring of the economy in a manner that emphasizes women's rights and empowerment? In other words, are programs designed to address gender inequality or to alleviate poverty with women as the vehicle for bringing about this change? In the latter case, the structural obstacles women face as women (i.e. discrimination in education, employment, training, family roles, etc.) are unlikely to form a significant part of the problem that programs are designed to confront. Answering these questions will help to illuminate how a concern with integrating *gender sensitivity* and address the

⁶⁹See Brooke Ackerley, "What's in a Design? The Effects of NGO Programme Delivery Choices on Women's Empowerment in Bangladesh," in *Getting Institutions Rights for Women in Development*, ed. Anne Marie Goetz (New York: St. Martin's Press, 1997), 140-60; Anne Marie Goetz, "Introduction: Getting Institutions Rights for Women in Development," in *Getting Institutions Right for Women in Development*, ed. Anne Marie Goetz (New York: Zed Press Ltd., 1997), 1-30; Rounaq Jahan, *The Elusive Agenda: Mainstreaming Women in Development* (Atlantic Highlands, NJ: Zed Books Ltd., 1995); Mary Hawkesworth, "Confounding Gender," *Signs* 22, no. 3 (Spring 1997): 649-86; Naila Kabeer, *Reversed Realities: Gender Hierarchies in Development Thought* (New York: Verso, 1994); Aruna Rao and David Kelleher, "Engendering Organizational Change: The BRAC Case," in *Getting Institutions Right for Women in Development*, ed. Anne Marie Goetz (New York: St. Martin's Press, 1997), 123-39.

challenges of *sustainability* are incorporated into microenterprise assistance programs.

With regard to their ability to help women address or overcome gender-specific barriers, such as discrimination against women, a wide variation exists among lending agencies in whether and how *gender sensitivity* is integrated into their programming. For instance, internationally, mainstream banks which incorporate microenterprise assistance rarely include more than 20 percent female participation.⁷⁰ When banks do have programs to promote lending to women and minorities, they are generally seen as public relations efforts and social programs, rather than as core financial projects of the institution. In contrast, efforts of non-governmental and non-profit organizations, like many of the ACCION affiliates or the Self-Employed Women's Association in India, lend directly to the poor, and often target women. Microenterprise assistance projects tend to be more accessible to women than commercial bank lending or government-sponsored programs, because they frequently allow women to provide alternatives to collateral in property or goods, and they more extensively utilize pre-existing savings associations and information networks. In fact, projects which utilize solidarity groups tend to include the greatest number of women.

The gender impact of a microenterprise assistance project will, of course, vary, depending upon whether projects reach women as a primary goal, or offer services to women as a secondary activity. Programs may be designed to redress overt discrimination against women, but they are more successful when they

⁷⁰ Berger, "Giving Women Credit."

recognize that there are many reasons that women do not have access to credit. First, low-income women often develop a "portfolio" of activities and engage in a diverse set of economic activities to reduce their risk. They therefore are more likely to increase the number, rather than the size, of the enterprises in which they are engaged.⁷¹ Second, it is often difficult to disentangle the business from household activities in general, particularly for self-employed women with home-based enterprises.⁷² Agencies that are concerned with assisting women's small scale enterprises must recognize this, and consequently must build mechanisms to support women's diverse activities. Indeed, my examination of three microenterprise assistance projects in Chapters 4 and 5 will further probe this question, arguing that the way that a project structurally addresses gender issues is critical to assessing the organizations' impact on the women they target.

V. Conclusion

The increasing popularity of support for small business and microenterprise by U.S. governmental agencies, intermediary organization and non-governmental projects over the past fifteen years is the result of a variety of factors.⁷³ For the purposes of my analysis of *gender sensitivity* and *sustainability* the most significant of these is the correspondence of microenterprise assistance with renewed support

⁷¹ Downing, *Gender and the Growth and Dynamics of Microenterprises*.

⁷² Katherine McKee, "Microlevel Strategies for Supporting Livelihoods, Employment, and Income Generation of Poor Women in the Third World," *World Development* 17, no. 7 (1989): 993-1006.

⁷³For a variety of perspectives about these factors, see Buntin, "Bad Credit."; Clark and Kays, *Enabling Entrepreneurship*; Neff, "Microcredit, Microresults."; Gina Neff, "Microsummiting," *Left Business Observer* 77 (May 1997): 3; Novogratz, *Hopeful Change*; O'Regan, *Evolution of Microenterprise Development*.

for a market-orientation in community organizing. Such a market-orientation matches the goals of donors and governments for 'privatization' of social development policies, regardless of the empirical evidence about which programs generate the most assets for participants over the long term. Microenterprise assistance can take a range of forms, which vary from the so-called "minimalist" model which only provides credit, to more extensive "credit-plus" model which includes social, as well as financial intermediation. In fact, the most broad reaching programs seek also to bring about changes in women's perceptions of themselves and their roles in their families and communities, and may even promote women's individual and group empowerment. For example, the President of Women's World Banking, Nancy Barry, described the core principles of the organization as relying upon local, self-sustaining initiatives which regard women as dynamic economic agents, along with market-oriented strategies, which "create transformational institutions and relationships to open up whole systems to people who have not had access."⁷⁴

Given the wide range of institutional forms that micro lending takes, and the wide array of goals and objectives of these assisting agencies, the evaluation of microenterprise assistance for women requires careful attention to the form or model of the program, and the role of social, as well as financial, intermediation. Too often, evaluations look at financial indicators (level of lending, capitalization, loan repayments) without adequately addressing the match between goals and outcomes. Moreover, while the level of lending to various categories of recipients

⁷⁴ Cynthia Howells, "Women's World Banking: An Interview with Nancy Barry," *Columbia Journal of World Business* 28, no. 3 (1993): 21-32. P. 32.

(women/men, racial/ethnic minorities) is occasionally noted but rarely carefully interrogated.⁷⁵ When more nuanced examinations are undertaken, gender differences are often noted.⁷⁶

These gender differences indicate a need for more careful analysis of the relationship between the gender structuring of the economy, the differences in men's and women's participation in assistance programs, and the variation in impact of different types of services on women and men. It is with these questions in mind that I examine in Chapter 4 the practices of three U.S. organizations providing credit, training and technical assistance to low-income women: Coastal Enterprises, Inc. (Wiscasset, Maine); Cooperative Economics for Women (Boston, Massachusetts); and Trenton Urban Women's Center (Trenton, New Jersey).

⁷⁵For exceptions with regard to microenterprise in the U.S. see Ehlers and Main, "Women and the False Promise of Microenterprise."; Servon and Bates, "Microenterprise as an Exit Route from Poverty."

⁷⁶Several authors and studies are notable in substantively addressing gender issues. See for example, Bennett and Goldberg, *Providing Enterprise Development Services to Women*; Berger, "Key Issues."; Downing, *Gender and the Growth and Dynamics of Microenterprises*; Tinker, "Human Economy of Microentrepreneurs."

Chapter 4: Overview of the Case Studies: Mission, Population and Methodology

But statistics and financial reports alone do not adequately convey the significance of a loan in the life of a budding entrepreneur: a single parent becoming self-employed and no longer dependent on AFDC, a refugee finding a means to support himself in a new country, a young woman growing her own non-traditional business. - Ellen Golden, Coastal Enterprises Inc.¹

It started to come together that the issue for the poor was controlling income, and they didn't have access to income, and that the things that women were doing in the Third World—the lending circles in Asia and in Africa, were not so much really individual entrepreneurial models but communal models that were based on high degrees of cooperation, and that it was really inappropriate to do self-employment for poor women. - Rebecca Johnson, Cooperative Economics for Women²

The benefits of this program are clear: financial independence for women who otherwise would have difficulty supporting themselves; and a legacy of hope to be passed on to future generations. - Carol Clark, Urban Women's Center³

I. Introduction

In this chapter I assess the practices of three microenterprise assistance organizations (Coastal Enterprises Inc.; Cooperative Economics for Women; Urban Women's Center) focusing on their organizational missions, the outcomes they anticipate, the populations they target, and the methodology they employ.⁴ I use this in-depth examination of each organization's assistance methodology to argue,

¹ CEI, *Creating Opportunities for Maine People: 1993 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1993). p. 4.

² Rebecca Johnson, first interview (Lead Organizer, Cooperative Economics for Women, 9/22 1994).

³ Urban Women's Center Project, *Project Proposal: C.E.P.P.* (Trenton, NJ: NJSFCWC, 1993). P. 16.

⁴ I use "methodology," as is commonly the case in economic development, to refer to the "praxis" of microenterprise assistance. In other words, "methodology" conveys both the mechanisms and forms of assistance, but also the philosophy which informs the choice of assistance practices.

building on Klein⁵ that the methodology employed reflects the organization's mission⁶ and the balance the organization reaches in the economic/social development spectrum.⁷ Drawing on Servon,⁸ I use the concept of an economic/social development *spectrum* in recognition these are not mutually exclusive categories. Rather, organizations tend to highlight one set of objectives, even while they maintain a concern for a wide range of ancillary outcomes. Moreover, I contend that there is a relative coherence between the outcomes an organization seeks to bring about, the mechanisms of assistance that it uses in an attempt to achieve this, and the philosophical framework upon which it bases its work. In the U.S. context, I look at these philosophical frameworks as operating along a spectrum in which some programs fall more within an economic development framework which seeks outcomes that include business start ups, business growth, job creation, etc., emphasizing economic advancement. The social development end of the spectrum focuses on more "personal" outcomes broadly defined to include the non-economic aspects of empowerment, such as self-esteem, consciousness-raising and a growth in opportunities and efficacy.⁹

⁵ Joyce Klein, *The Status of the Microenterprise Field*, Report (Washington, D.C.: Corporation for Enterprise Development, 1994).

⁶ Klein, *The Status of the Microenterprise Field*; Lisa Servon, "Reconstructing Urban Poverty Policy: Alternative Credit, Poverty Alleviation, and Economic Development in US Inner Cities," Ph. D. Diss. (Berkeley: University of California, 1995).

⁷ Servon, "Reconstructing Urban Poverty Policy.;" Lisa J. Servon, "Microenterprise Programs in U.S. Inner Cities: Economic Development or Social Welfare?" *Economic Development Quarterly* 11, no. 2 (May 1997): 166-80.

⁸ Servon, "Microenterprise Programs in U.S. Inner Cities."

⁹I have discussed the economic/social development spectrum in more depth in Chapter 3. I draw on Servon's discussion of economic development and social welfare in Servon, "Microenterprise Programs in U.S. Inner Cities."

Indeed, as I show, none of the organizations I examine lie at the extremes of this spectrum, and each clearly articulates a commitment to addressing women's social and economic status. Their practices and their rhetoric place them at different locations on this development continuum, with implications about how they balance economic and social goals.

Each of the organizations differs in its mission/anticipated outcomes, target population, and methodology.¹⁰ These differences are reflected in variations in how the organizations balance issues of sustainability and how they address questions of gender. In Chapter 5, I look more intensively at each organization's perspective on *gender sensitivity* and *sustainability*, and the ways that these concepts are manifested in each organizations' programs. Based on the organizational descriptions presented here, I argue in Chapter 5 that divergent formulations of *sustainability* and *gender sensitivity*¹¹ lead to varying efforts to balance economic and social goals and to negotiate a concern with assisting individuals to become financially self-sufficient with efforts to support community development. Each of these tensions are connected to an organization's analysis of gender, and in particular, its understanding of the gender structuring of the economy. The ways

¹⁰See Klein, *The Status of the Microenterprise Field*.

¹¹By gender, I mean the social categories of "male" and "female," "man" and "woman." In line with an extensive literature about gender, I believe that gender is a process, not an event. In other words, appropriate male and female behavior, jobs, etc., are continually reproduced through social, cultural, economic and political processes, even though "maleness" and "femaleness" are often portrayed as natural. However, gender is not a "given," but is shaped through the institutions and structures of society. For more on this understanding of gender, and the implications of gender as a category of analysis, see Joan Scott, "Gender: A Useful Category for Historical Analysis," *American Historical Review* 91 (1986): 1053-75. See also the selections in Judith Butler and Joan W. Scott, eds., *Feminists Theorize the Political* (NY: Routledge, Chapman and Hall, Inc., 1992); Carol C. Gould, ed., *Gender: Key Concepts in Critical Theory* (Atlantic Highlands, NJ: Humanities Press, 1997).

that organizations address the sustainability of their efforts to provide economic options to women, and the extent to which they are gender sensitive, represent their attempts to grapple with significant challenges of microenterprise assistance to women. In the remainder of this chapter, I discuss Coastal Enterprises Inc., Cooperative Economics for Women and the Urban Women's Center, highlighting their missions and the outcomes they seek to achieve, the populations they target, and the methodology they utilize in an effort to reach their goals.

Table 4.1: Key Characteristics of Coastal Enterprises Inc., Cooperative Economics for Women and the Urban Women's Center

Organizational Dimensions	Coastal Enterprises Inc. (CEI)	Cooperative Economics for Women (CEW)	Urban Women's Center (UWC)
Mission/anticipated outcomes	<ul style="list-style-type: none"> • Developing opportunities for Maine people with low incomes who need additional resources to reach an adequate and equitable standard of living, learning and working; • Creating social and economic opportunities for Maine's people, businesses, and communities; • Promoting economic development defined as a process that increasingly expands the equitable participation of people and communities in basic necessities and in the decision-making process to sustain meaningful life. 	<ul style="list-style-type: none"> • Access to leadership training and technical assistance to low-income in organizing for solutions to their self-defined problems; • Promoting the economic development of low-income women through the creation of cooperative income-generating projects; • Education for low-income women and children about economic cooperation; • Community development through the economic development of low-income women and children; • Economic justice for low-income people in collaboration with other non-profit organizations. 	<ul style="list-style-type: none"> • Job readiness/ employment training program and referrals for displaced homemakers and urban women; • Information and services to women in the Trenton community and Mercer County on a wide range of issues including education, finance, nutrition, employment, housing and social services; • Support services and advocacy including welfare advocacy and legal advocacy.

Target population	Low income people in Maine, with special attention to people with disabilities, recipients of Aid to Families with Dependent Children, single parent families, and women business owners.	Poor women, especially women of color, immigrant and refugee women, formerly battered women and women on AFDC in the Dorchester neighborhood of Boston and the nearby city of Chelsea, MA.	Women who are on public assistance and who are single heads of households, 18 years and older, with an emphasis on black and hispanic women who are unemployed, underemployed, or on public assistance.
Methodology	Credit-led individual, training-led in collaboration with other organizations (Project JUMP and Project SOAR).	Training-led, group lending to worker-cooperatives only.	Training-led, group lending to individual, ancillary services (microincubator)
Type of lending	individual	cooperatives only	group/peer lending
Type of business served	businesses that fit "social impact" criteria; existing businesses through most programs; start ups through collaborative projects (JUMP and SOAR)	cooperatives	start-ups for graduates of business training course; existing business that meet certain criteria

Sources: Reports and program information from Coastal Enterprises, Inc., Cooperative Economics for Women and the Urban Women's Center.

II. Overview of the Case Studies

As is illustrated in Table 4.1, each of the organizations differs in key characteristics along the three dimensions discussed: its mission and the outcomes it anticipates, the primary populations it targets, and the methodology it uses. Each of the organizations incorporates elements of economic and social development in its programming. However they mix economic and social development goals in different proportions and therefore fall at different locations in the economic development/social development spectrum with implications for their perspectives on *gender sensitivity and sustainability*.

Coastal Enterprises Inc. (CEI) is based in Wiscasset Maine, about 50 miles north of Portland (the largest city in Maine) and slightly south of Augusta, the state capitol. Wiscasset is a small town in a predominantly rural area. The population of Wiscasset, and more generally in Maine, is largely Euro-American. As indicated in table 4.1, CEI defines itself as an economic development organization. It provides financing and technical assistance to a broad spectrum of enterprises in the state of Maine, with an emphasis on sectoral and sustainable development. Its emphasis originated from a commitment to supporting natural resources enterprises (such as small farms and agriculture), but over time has expanded to include attention to supporting businesses owned and operated by women, low-income groups and other disadvantaged communities (such as refugees). In contrast to both Cooperative Economics for Women and the Urban Women's Center (as indicated in table 4.1), it directs its lending to individuals. As shown in table 4.1, CEI

articulates its goals at both a macro and micro level: on the one hand it is committed to assisting the development and expansion of industries, small businesses, housing and social services; on the other it seeks to create social and economic opportunities for individuals and families at risk of poverty, with an emphasis on women.¹² Its staff has grown consistently over the year, to its 1998 count of 60, assets of \$26,218,85, and revenues of \$8,540,300. It is quite significantly larger and more multifaceted than either Cooperative Economics for Women or the Urban Women's Center. Table 4.2 below presents a summary overview of CEI's Women's Business Project's history.

Table 4.2: Key Events in CEI's Women's Business Project's Development

Date	Event
1986	Research and Market Assessment of Training for Loan Officers and Women Business Owners
1986	Enterprise Development Fund initiated with women as a target group
1986-7	Microenterprise and Women's Business Project initiated providing technical assistance to women business owners, training to CEI loan officers and local lenders about women's specific needs
1995	Women's Business Center started in collaboration with U.S. Small Business Administration and Key Bank of Maine providing technical assistance to women business owners, loan packaging assistance, and peer support to women small business owners.
1996	Between 1986 and 1996, CEI provided \$6 million in financing to 250 women entrepreneurs, as well as training and technical assistance to an additional 4000 new and existing women business owners

¹² CEI, 1993 Annual Report.

1997	Between 1995-1997, nearly 600 women served by the Women's Business Project.
1998-9	<p>Women's Business Center developed two new loan products: a trickle-up fund (short-term, \$700 loans) and an equity product on a micro-scale. In addition, a new three part, nine hour women's small business training course was initiated which emphasizes business planning, marketing and cash flow/record keeping. The course is marketed to low-income women through the Maine Department of Labor.</p> <p>Between 1997-1998, approximately 250 women in Maine were served by the Women's Business Center.</p> <p>By 1999, \$3.25 million in loans were packaged to women with CEI's assistance.</p>

Source: Interviews with CEI staff and CEI published materials, 1993-1999.

Cooperative Economics for Women (CEW) works with low-income and disadvantaged women (especially women of color, immigrant women and women surviving domestic violence) in a few low-income neighborhoods in Boston and Chelsea, Massachusetts, to create opportunities for cooperative income generation. It emphasizes an approach which simultaneously builds individual capacity, cooperative models, and community development. CEW's goals, therefore, range from economic development, education (through building critical analytical skills using popular education techniques), community development, training in economic and political literacy, and collaboration with other social change organizations. Each cooperative is formed in conjunction with a local community organization. As expressed in table 4.1, its lending approach focuses on training and lending to worker-owned cooperatives which are established through the organization.

CEW began by setting up cooperatives, with 4-6 members in each: **Abbai Ethiopian Women's Catering Cooperative** (Ethiopian food), **Apsara Fashions: A**

Cambodian Women's Cooperative (designing and sewing clothes and accessories), Little People Cooperative Babysitting Service (on-site child care at conferences, events, etc.); Morabeza Cleaning Community (environmentally safe cleaning services), and Splash of Color Catering and Event Service. In the fall of 1997, Morabeza became the first CEW cooperative to incorporate as an independent worker-owned business. By the fall of 1999, two cooperatives had closed down: Little People Cooperative Babysitting Service (due to lack of jobs) and Splash of Color Catering and Event Service (because the cooperative members found other work).

CEW has three full-time staff (the Lead Organizer, a Cooperative Organizer and a Cooperative Developer) and two Media Fellows (who work to develop language appropriate information to give women in their communities accurate information about their legal rights). It has a 15 member Board of Directors, most of whom are significantly involved in the organization, as co-op members, community sponsors, or other broader community members. Its 1995 projected income was \$327,900. Its projected operating budget for 1995 was \$172,000. Table 4.3 below summarizes CEW's development.

Table 4.3: Key Events in Cooperative Economics for Women's Development

Date	Event
1991	Women's Economic Development Project (WED) started as a project of Women for Economic Justice (WEJ). Little People Cooperative Babysitting Service initiated.
1993-4	WED becomes independent of WEJ as Cooperative Economics for Women. Four additional worker-run cooperatives initiated with 6-8 members each (Abbai Ethiopian Women's Catering Cooperative, Apsara Fashion: A Cambodian Women's Sewing Cooperative, Morabeza Cleaning and Sewing Community, and Splash of Color Event and Planning Service).
1994	First summer camp for the children of co-op members held in August/September. Second camp scheduled for December 27-30, 1994. First CEW Board of Directors installed, first Annual Meeting held for Board, staff, volunteers and supporters.
1997	Morabeza Cleaning and Sewing Cooperative becomes independent. Little People Cooperative Babysitting Service and Splash of Color Event and Planning Service disbanded. Media Fellows project created to provide support and assistance to co-op members about the welfare system.
1999	Work with Oxfam America to explore replicability of model, providing fees for service, and exploration of initiating two new cooperatives. 25 Associate Members brought into the organization. New staff position, a Program and Internal Systems Coordinator, created to provide assistance to co-ops in creating internal systems. Three co-ops in operation: Aspara (with four members), Abbai (with three members) and Morabeza (now independent with 8 members and three stand-by workers).

Source: Interviews with CEW staff, co-op members and Board Members and CEW published materials, 1993-1999.

The Urban Women's Center (UWC), based in Trenton, New Jersey, the

state capital of New Jersey. The UWC is a project of the New Jersey State Federation of Colored Women's Clubs, but operates as an independent organization. Its primary objective is to provide job readiness and employment training for displaced homemakers and urban women, focusing on education, finance, nutrition, employment, housing and social services with the broad goals of enhancing the social and economic empowerment of women in the City of Trenton, and in Mercer County. In implementing these broad goals, the UWC has developed three interconnected business development projects: an intensive, 18-week business training course that emphasizes self-employment; a micro loan, peer lending project (which provides loans to individuals who have joined a "lending circle," in which each borrower must repay their loan before a subsequent loan is disbursed to a new borrower); and a "microincubator" center which offers equipment and technical assistance to program participants who are starting their own businesses. As shown in table 4.1, the UWC emphasizes the provision of services to disadvantaged women (primarily women of color and those reliant on welfare) to help them combat "welfare dependency" so that they can enter the mainstream economy. It has a staff of five (three full-time and two part-time), along with a number of consultants who provide training in the various programs or who provide financial services (periodic and annual auditing). The UWC was not willing to provide me with its budget despite my assurances that it would be used only for research purposes. The Urban Women's Center is primarily funded through state government agencies, by grants through such agencies as the Community

Development Block Grant program and the Division on Women, and through contracts with government agencies responsible for working with welfare recipients.

Table 4.4 below provides a summary of key events in the UWC's development.

Table 4.4: Key Events in Urban Women's Center's Development

Date	Event
1992	Community Employment Progress Program (C.E.P.P) initiated with funding from the City of Trenton's Community Development Block Grant program.
1992-3	Approximately 45 people, primarily African-Americans receiving governmental assistance were trained. In addition to the initial plans to run the program during the day, some night classes were instituted to serve working people seeking a career change. Resources for Entrepreneurs Assistance Program (R.E.A.P.) initiated as a microincubator center for C.E.P.P. participants.
1994-6	Project Oasis peer lending program initiated in collaboration with the Trenton Business Assistance Corporation. Two circles were created with 3-4 members each, most of the loans were repaid. UWC pulled out in 1996 due to tensions between the two organizations.
1997-9	Computer literacy advanced by using business development software geared to those with a 6-8 grade reading level. C.E.P.P. continues as the main program of UWC, training approximately 25 participants per 18 week session.

Source: Interviews with UWC staff and UWC published materials, 1994-1999.

Having provided a brief description of the three organizations, I now turn to a more detailed examination of the mission and anticipated outcomes, the population targeted, and the methodology employed by Coastal Enterprises Inc., Cooperative Economics for Women, and the Urban Women's Center.

Mission

Coastal Enterprises Inc. has the broadest mission of the three

organizations and incorporates the most clearly economic development approach of the three organizations studied. It defines its community as all of the state of Maine, and its programs cover a wide range of economic development strategies, with support for microenterprises and small businesses as only one component of its larger goal of expanding employment, ownership and economic opportunities for business, communities and people with low incomes in the state. CEI emphasizes adding value -- broadly to the economy of Maine and specifically to small enterprise initiatives -- in a socially, economically and environmentally appropriate and sustainable manner.

Within its general mission of creating development opportunities for people with low incomes in Maine, CEI explicitly seeks to incorporate gender sensitivity into all its programs. It has developed a number of projects (both independently and in collaboration with other non-profit organizations and state agencies) that target various groups of women: women small business owners, single parents, women welfare recipients, among others. This analysis permeates discussions about its mission. For example, Ellen Golden, Senior Program Officer in charge of Microenterprise and Women's Business Development writes that:

[t]he organization sees itself as responding to longer-term structural shifts (not contained crises). Gender imbalance is a part of this, along with poverty alleviation, capital redirection. We are driven by larger inequities in the economy and society in general...The role of CEI is to enhance the capacity of small businesses to meet their economic development objectives. This is what support can do. We can also make sure that those with very limited

resources can get access to credit.¹³

In other words, gender imbalance is one of a variety of structural barriers that the organizations seeks to redress. In response to this range of structural inequities, CEI tries to compensate and redirect resources to ensure the capacity of people to be successful in microenterprise.

CEI's integrated focus stems from its observation that women have been left out of economic development. As Golden and Ronald Phillips, the founder and director of CEI describe:

While the establishment of women's economic development has altered the relationship between women and development in the United States, women are not yet full partners in the development process. Women's economic development organizations tend to be small and underfunded and tend to be visible only in certain arenas, such as microenterprise development. Both the public and private resources targeted to women's economic development are scant and likely to remain so. Many of the programs operate on a small scale, and there is concern about their long-term sustainability.¹⁴

While CEI defines its mission as one of economic development, the definition of this term is based on a commitment to social, as well as economic, ends. For example, Phillips explains:

As community economic development practitioners at Coastal Enterprises, we have struggled with economic development from the standpoint of creating economic opportunity while affirming local ownership and control of resources, cultural diversity, and reinforcement of businesses that are compatible with the environment. We have sought to establish a link

¹³ Ellen Golden, first interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 3/21 1993).

¹⁴ Ronald L. Phillips and Ellen F. Golden, "Community-Based Economic Development and Sustainable Development," in *Toward a Sustainable Maine: The Politics, Economics, and Ethics of Sustainability*, ed. Edmund S. Muskie Institute of Public Affairs (Portland, ME: University of Southern Maine, 1993), 189-234. P. 224.

between the broader concepts of sustainability on the one hand, and economic development on the other.¹⁵

Expanding on the relationship between economic and social goals, Phillips writes that "CEI's social investment criteria is designed to evaluate the contribution a project will make to local communities.... It builds on the central principle that decentralized, local ownership is essential to defining and implementing sustainable development policies."¹⁶ Social investment also means responding to the needs of disadvantaged people in Maine observed through CEI's combination of research, programming and advocacy.

CEI was incorporated in 1977. In the early 1980s, CEI began getting more requests for financing and technical assistance from women. At that time, CEI's the programs did not identify women's economic advancement as one of its priorities. Rather, it defined its target as natural resource based and value-added production. Some women were involved, but for the most part, women tend not to start the larger businesses to whom CEI's support was being directed. In order to better respond to women's concerns, in 1986 it undertook research including a market assessment for training. It also attempted to find comparable programs. CEI conducted a needs assessment and a statewide survey. The assessment found that there was no existing list of women business owners and no sample of the population. Consequently, CEI engaged in a project to gather the information it

¹⁵ Phillips and Golden, "Community-Based Economic Development." P. 190.

¹⁶ Phillips and Golden, "Community-Based Economic Development." p. 202.

needed to create a program to assist women entrepreneurs. Staff sent out surveys,¹⁷ and this research process helped them to generate a pool of volunteers and participants. The program that resulted, the Women's Business Project, was then initiated to fill what CEI saw as an existing need. Later in 1986, when CEI started the Enterprise Development Fund, it emphasized women as one of its primarily target groups.

In summary, CEI's mission focuses primarily on economic development. However, its formulation of economic development is framed by, and committed to, changing social conditions generally and improving the lives of disadvantaged groups in particular. In this context, expanding economic opportunities for women, and assisting women's small business endeavors, forms a core aspect of the outcomes CEI seeks.

The mission of **Cooperative Economics for Women** is both broader and more specific than either CEI or the UWC, and is less easily classified along the economic/social development spectrum. Its mission stems from a broad critique of the economic and social system in which poor women operate. It explicitly draws upon the experience from the developing world. Rebecca Johnson, the founder and Lead Organizer of CEW states:

If we were in Guatemala or Zimbabwe our activities would be identified as participant controlled 'development' activities. The meaning of development isn't usually considered in the United States, but this concept is at the heart of our methodology. When asked to define development for themselves, CEW cooperative members describe having the necessities of food, shelter,

¹⁷326 surveys were returned, an 18% response rate.

clothing and health care. They also present a picture of lives rich in community participation, education for anyone who wants it and a deep sense of personal safety.¹⁸

In constructing its program, CEW has attempted to utilize a methodology that articulates and responds to the voices of the women it seeks to assist. CEW's mission merges economic and social development concerns, within a larger context of economic justice and community organizing. Thus, Rebecca Johnson asks:

What constitutes development for women in the United States? Over the past year I have asked many groups of women this question, and while there were telling disparities in their responses, I have been amazed and pleased to discover how similar their answers are, considering the extreme differences of race, class and status in this country. Overwhelmingly, development was couched in terms of economic, physical, emotional, community and spiritual growth and security. Women are always concerned with the basics – enough food, a safe, affordable place to live, enough income for all the necessities of life – but our concerns go beyond these essentials to encompass requirements not considered by many standard models of economic development.¹⁹

In other words, Johnson identifies a wide gap between the conventional policy orientation of development and the meaning of development to women in the U.S. In Johnson's discussions with women throughout the country, they stress what development means in terms of their everyday lives, and the challenges they confront on an often daily basis. The concerns of these women, and their understanding of what development means, form the key context for CEW's work.

CEW provides extensive training and intensive financial, business and

¹⁸ Johnson, first interview.

¹⁹ CEW, "Letter from the Lead Organizer," *CEW's News: The Newsletter of Cooperative Economics for Women* 1, no. 2 (Winter 1994 1994): 1, 8.

technical support to women's cooperative ventures. Social transformation is one of the explicit outcomes it seeks: "In creating an organization that is diverse in multiple dimensions CEW members, board and staff seek to embody a new model of solidarity, feminism and organizing for change."²⁰ In this view, and in contrast to most conventional positions on development, economic development is composed of both individual access to and control of resources, and community development. Social development, for CEW, includes both individual empowerment and organizing for social change in collaboration with other social and economic justice organizations. This social change perspective is reflected in the fact that each worker-cooperative is affiliated with a community-based organization, from which the cooperative members are recruited. An alternative practice of development is expressed by Johnson when she writes:

The major problem for poor women is control of income, that is, gaining access to income in ways that give women ultimate freedom in how it gets used. We designed our approach based on that need, and poor women's sense of isolation in their communities. Our goal is not to create entrepreneurs, per se, but to provide women with the means to control income together.²¹

As such, CEW distinguishes between "income-generation" and the creation of "microentrepreneurs." This distinction stems from CEW's challenge to the notion of entrepreneurship as overly individualistic, as well as a belief that most low-income women who attempt to start their own businesses will either fail or sink deeper into

²⁰(CEW 1994a) P. 4.

²¹ Rebecca Johnson, *Poor Women, Work, and Community Development: A Reflection Paper* (Boston, MA: Cooperative Economics for Women, n.d.). Pp. 3-4.

isolation. In contrast to the entrepreneurship model, Johnson writes:

....Income generation focuses on self-defined needs for increasing control of income. In Africa and Central America this might mean water technology and food milling technology accessible to and controllable by women. It can also mean small loans for market women and access to banking. We are working to discover the range of activities that might fall under the category income-generation in this country.²²

CEW's mission, to summarize, is rooted in a critique of conventional development practices, and the marginalization and dismissal of women's experiences and knowledge in economic development policy and practice. Its goal, in contrast to dominant models, is to reclaim and revalue women's experiences, skills and abilities. And indeed, this revaluation, from CEW's perspective on social transformation, begins with combating the isolation and despair of the most marginalized groups of women. Thus, CEW staff and co-op members articulate their understanding of gender in social and economic development, and the methods by which traditional gender structuring can be challenged. While the organization seeks to assist co-op members, the methods for this assistance are integrated into a commitment to community development – both in working collaboratively with other organizations, and in presenting the cooperatives as an alternative model for community development.

The Urban Women's Center, in Trenton, NJ also incorporates both economic and social goals in its mission, but falls more toward the social development end of the spectrum. As an educational/social service organization,

²² Johnson, *Poor Women, Work, and Community Development*. Pp. 3-4.

it focuses on disadvantaged women, offering mini-courses, seminars on various subjects including computer software, workshops, networking opportunities, referrals, special events, support groups, among others. The UWC's programs address a wide range of concerns including advocacy, education (GED classes sponsored by Mercer County Community College) and nutrition classes in both English and Spanish through Rutgers University Cooperative Extension.

The UWC initiated business development training and microenterprise assistance because of the gaps its staff observed in traditional poverty alleviation strategies. Carol Clark, Executive Director of the UWC comments:

Social service providers recognized that they were making lasting changes in the lives of their clients by preparing them for and helping them to realize genuine economic opportunities. Self sufficiency concentrates on improving the ability of individuals to participate in the economy. As such a program, our primary goal is to integrate our participants into the mainstream economy.²³

Thus, as Clark articulates, the incorporation of microenterprise training and lending into the agenda of the UWC was intended to redress the failure of traditional economic development strategies. And, in particular, the perspective from which the failure was observed, was that of social service providers. In this regard, Clark comments:

Microenterprise came about because established methods of stimulating the economic activity or improving the competitiveness of regions were never designed to truly reach low income people and often failed to revitalize distressed urban and rural economies. Large businesses were the primary

²³ Urban Women's Center Project, *Project Proposal: Project Oasis* (Trenton, NJ: NJSFCWC, 1994).

beneficiaries.²⁴

Microenterprise, therefore, filled an unmet need for assistance to an under-served population. Microenterprise, according to UWC staff, could provide opportunities otherwise unavailable to its clients – disadvantaged women living in distressed communities. In doing so, business training, lending and technical assistance fill both a social development and economic development function. Clark argues that

...small business entrepreneurial activities constitute a ready opportunity for women with few technical skills who are seeking to support themselves. By being based in their own neighborhoods, they will be able to market their personal services or products to their communities. In many cases they will use little cash to invest while as urban minority female entrepreneurs, they are in an excellent position to take advantage of the still considerable cash flow into and out of inner city areas.²⁵

However, this optimistic view may not be supported by data on low-income women's microenterprise experience,²⁶ nor indeed, does the UWC expect all its clients to become self-sufficient through their businesses.

The UWC constructs its mission in the context of the particular community in which it is placed – a distressed neighborhood in a city with little industry. Part of its mission is to address the isolation and fear of the many single mothers in the neighborhood from which most of its clients are recruited. Commenting about the reluctance of women in the neighborhood to participate in the UWC's programs,

²⁴ Urban Women's Center Project, *Project Oasis Proposal*.

²⁵ Urban Women's Center Project, *C.E.P.P. Proposal*.

²⁶See, for example Tracy Bachrach Ehlers and Karen Main, "Women and the False Promise of Microenterprise," *Gender & Society* 12, no. 4 (August 1998): 424-40; Lisa J. Servon and Timothy Bates, "Microenterprise as an Exit Route from Poverty: Recommendations for Programs and Policy Makers," *Journal of Urban Affairs* 20, no. 4 (1998): 419-41.

Wendy Madu, Administrative Assistant at the UWC (and a participant in the UWC's business training course and peer lending circle) told me:

...we try to get them to come because they're, like, scared. They know that we're here, but if we say something like 'parenting,' they jump our throats. I want them to come here so we can further educate them, give them support for their education and do better in their lives than what they're doing without a spouse over there. That's our main goal....²⁷

In other words, the UWC emphasizes education to combat women's dependency and isolation. However, the UWC does not, primarily, "ask them," but rather relies for the most part on referrals, leaflets in the neighborhood and word-of-mouth to recruit participants for its programs.

The UWC's mission emphasizes "breaking the dependency" of the low-income, primarily African-American community of women it serves. It stresses women's social and economic empowerment through small business development. The core of this is framed within a context of education and the provision of social services to improve women's lives.

To a certain extent, all three organizations articulate a concern with both economic and social development. However, CEI falls more toward the economic development end of the spectrum as its primary concern is with supporting and financing industries and small businesses in Maine. At the same time, social impact is a central aspect of its work, manifested in its focus on reaching under-served groups and supporting socially, economically and environmentally sustainable

²⁷ Wendy R. Madu, Interview, Urban Women's Center, Administrative Assistant, CEPP, Project Oasis (Trenton, NJ, 9/30 1994).

activities. The UWC falls more toward the social development end of the spectrum. While it emphasizes women's economic empowerment and full-service business development, this is expressed through the objective of dismantling women's dependency on welfare by engaging them in the economic mainstream. Finally, CEW presents a critique of the spectrum itself (which I address more extensively in Chapter 6), by basing its work on a challenge to conventional notions of development. CEW attempts to engage individuals in a collective enterprise and emphasizes group solidarity – both in the formation of worker-cooperatives and in its collaboration with community-based organizations. For CEW, these points are elemental to forging a more just and gender-sensitive development practice.

Another way to view the differences among the three organizations is to ask "in whose voice does the organization claim to speak?" In my analysis, the answers for the three organizations differ in significant aspects. For example, CEW demarcates its position as stemming from poor women's vision of development, which its programs then seek to put into concrete form. The UWC claims the perspective of social service providers, and it is the analysis of the failure of traditional development strategies from this social service perspective from which a move toward microenterprise assistance stems. And CEI staff speaks as community economic development professionals committed to a vision of equitable and ecologically sustainable social and economic development.

Target Population

Each of the organizations targets women, in at least some of its programs.

Only CEW works solely with women. The UWC primarily works with women, but does not exclude men from its business training course or from its microloan fund. CEI targets women in a number of its programs, and works to integrate a gender analysis throughout the organization.

However, each organization targets particular groups of women. This is important because the programs of each organizations are intentionally geared to the perceived needs of the particular group of women it seeks to serve. Thus, while the organizations are share similar concerns to the extent that they each target women, the three organizations are different in how gender is represented and expressed in organizational structures and programs. And, indeed, I contend that this is expressed in the particular groups the organizations serve, and their articulation of the “how” and “why” of such targeting.

Coastal Enterprises Inc.'s target population is more general than the other two organizations: low-income people in Maine, with particular attention to disadvantaged groups such as people with disabilities, recipients of government welfare subsidies, single parent families, and women business owners. Generally, different groups are emphasized in particular programs. For example, CEI works with businesses to create on-the-job training for low-income people; it also provide loans to self-employed individuals. In all cases, the businesses it assists must meet CEI's social impact criteria and create employment, self-employment, or training opportunities for people with low incomes. Golden describes CEI's targeting of women in the follow manner:

CEI has approached women's economic development in a variety of ways. First, CEI has developed special projects targeted to women, e.g., Women's Business Project, Child Care Development Project, AFDC Self-Employment (SOAR) and a transitional housing project for single parents. Secondly, CEI has tried to institutionalize its commitment to women in its regular programs and sought to ensure their participation through outreach, and marketing efforts and the creation of program policies that increase the accessibility of resources for women. Third, CEI has engaged in advocacy and policy development activity in an effort to translate our work into a broader arena and achieve a greater impact.²⁸

CEI has three main program areas: development finance, technical assistance, and research and public policy. The issue of gender, and women in particular, is addressed differently in each program area, discussed in more detail below. In some cases, women are specifically highlighted for services; in others, women are served as members of the particular population being addressed.

Recently, CEI has developed new projects which are specifically designed to reach low-income women microentrepreneurs, such as a new "trickle-up" grant of \$700 directed primarily to low-income women microentrepreneurs, and a three-part training program geared toward helping low-income women start their own businesses (initiated in 1998). In the fall of 1999, CEI developed a workshop for women business owners to present basic information about how to get credit for small businesses. The first workshop was held in September 1999, and CEI plans to hold 4 more throughout the year.

Cooperative Economics for Women's target is geographical, gender-based and income-based. It works with women in the Dorchester section of Boston and

²⁸ Ellen Golden, "Letter to Program Participants" (Wiscasset, ME, 1993).

in Chelsea, Massachusetts. Co-op members are low-income women, and each co-op is composed primarily of women from a particular ethnic group. For example, members of the Abbai Ethiopian Women's Catering Service are Ethiopian or Eritrean. Apsara Fashion is a Cambodian women's cooperative. The Morabeza Cleaning cooperative is composed of Cape Verdean and Haitian women. Splash of Color Event and Party Services and the Little People Cooperative Babysitting Service co-op members are African-American and Latina, both of which disbanded in 1998-1999.

Many of the co-op members receive government welfare subsidies, some are employed in jobs that pay at or below poverty level, and others are unable to generate income because of their age, immigration status or personal safety issues. Most are single parent heads of households. One of the community sponsoring organizations is a shelter for battered women, serving a primarily Cambodian immigrant and refugee population. CEW particularly targets women who come from a range of ethnic and national background, with the belief that this group of women shares common concerns (poverty, isolation) and can offer each other experience and support.

The **Urban Women's Center's** target population is primarily gender, income and race/ethnicity-based. Its geographic region is large—the city of Trenton and Mercer County. The UWC focuses on women who are on public assistance and who are single heads of households, 18 years and older. It particularly tries to reach Black and Hispanic women who are unemployed, underemployed, or on

public assistance. Men, however, are not excluded from its training or lending services. If a space is available and women aren't filling it, a man can take that place. Indeed, Carol Clark argues that helping men is also helping women. In our interview, she commented "...we look at it this way: if he's a family person, we're still helping the woman in the family. A lot of programs say, 'We don't want no men; we're just for women.' I said, 'Why? Because you're still helping out a woman.'"²⁹

To summarize, all three organizations focus on disadvantaged groups, but CEW works exclusively with women, and the UWC's program participants are overwhelmingly women. Indeed, even when men participate in its programs, the UWC considers this to be a form of assisting women. For CEI, the distinction between women and gender is important. Women are among the disadvantaged groups who are a priority for CEI. At the same time, a commitment to gender balance extends beyond targeting its lending and technical assistance to women, into creating gender balance in staffing, and addressing issues of gender in its training, advocacy and lobbying.

In my analysis of microenterprise assistance to women, I argue that who gets targeted is not simply a matter of counting the number of male and female participants or beneficiaries. In order to conduct a gender analysis of microenterprise assistance to women, it is my contention that it is necessary to examine the way that women are targeted, and whether this targeting is built on a critique of the gender structuring of the economy. If and when it is, it is important

²⁹ Carol Clark, first interview, Urban Women's Center, Executive Director (Trenton, NJ, 8/1 1994).

as well to examine how a critical perspective is explicitly manifested in the relationship between which women are targeted and how the programs are designed to contest gender discrimination and provide women with alternative economic options.

Methodology

I noted earlier³⁰ that I use the term “methodology,” along with many in the microenterprise field, to refer to the techniques of microenterprise assistance, with the understanding that these techniques of assistance stem from and reflect differing philosophical positions about microenterprise, development, sustainability and gender.

In contrast with CEW’s cooperative, community-based approach, and the UWC’s training-led approach, **Coastal Enterprise Inc.’s** methodology with regard to microenterprise and women-owned businesses is primarily through the provision of credit, loan guarantees and technical assistance to individual business owners.³¹ CEI manages a revolving loan and equity funds to finance the activities it supports. Loan officers often work closely with those who are applying for funds, and maintain regular contact with loan recipients, providing advice and technical assistance. CEI also develops strong relationships with banks and other local funding institutions, and works to direct appropriate candidates toward financing from formal lending

³⁰At footnote 4.

³¹Here, I specify CEI’s microenterprise support because other programs of CEI focus on sectoral business development and providing credit in exchange for on-the-job training for disadvantaged workers.

institutions. It also guarantees bank loans for small businesses. Unlike the UWC and CEW, CEI focuses on the particular issues that arise in rural areas, like isolation or the significance of a lack of transportation, and have formed solid, collaborative relationships with banks and with government agencies.

However, the individual focus of CEI's lending is significantly modified by two factors. First, it works extensively with other organizations to provide training around issues of women-owned businesses—both to lenders, loan advisors, and in collaborative projects to train welfare recipients to start its own businesses. Second, all CEI's lending is undergirded by the principle of "social impact." As Ron Phillips explains:

Defined broadly, social impact is the extent to which a project benefits or addresses a human, community, or environmental need, whether through employment, wages and benefits, type of product or service, or location. Emphasis is placed on providing capital to women, people with low incomes, and minority entrepreneurs...CEI uses the financing process to encourage the development of varied social benefits."³²

Similar to CEW, CEI views microenterprise as a means of asset development for people with limited resources, and as a means of creating alternatives in economies where few other options are available, particularly in rural areas.³³ CEI constantly addresses what it understands to be the particular needs of women. Lending for microenterprises comes primarily through the organization's Enterprise Development Fund. In describing the Enterprise Fund, Ellen Golden comments:

³² Phillips and Golden, "Community-Based Economic Development."

³³ Golden, first interview.

In 1986, we created the Enterprise Development Fund, which was designed to respond to small scale efforts. We made service businesses eligible and focused on equity, leveraging , collateral, etc. The loan fund capital came from federal funding. They engaged in a lot of target marketing to reach women. Women don't know unless you tell them. They were doing training at the same time that they were setting up the EDF.³⁴

In other words, even while CEI is primarily engaged in the provision of credit and technical assistance to individuals, its assistance to microentrepreneurs is conducted in a manner that is sensitive to the particular needs of women, and reaches beyond these women to try to influence other potential lenders to women's microenterprises through the training of trainers. Table 4.5 illustrates the variety of ways in which the provision of credit is geared to groups with particular needs, including women.

Table 4.5: Coastal Enterprises Inc.'s Integrated Programming*

<i>Fund/Program</i>	<i>Target</i>
Enterprise Development	People with limited resources, including women-owned businesses, childcare businesses, small manufacturers and your service businesses employing fewer than 15 people, among others
Small Business Assistance/Development Center	As used
Targeted Opportunities including Projects JUMP and SOAR	Employment, training and self-employment opportunities for low-income persons including recipients of government welfare subsidies and people with disabilities
Microenterprise and Women's Business Development, Women's Business Center	Women business owners, lenders, policy makers, refugees

³⁴ Ellen Golden, second interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 3/22 1993).

Child Care Development	Home- and center-based child care providers, training low-income people to work in child care, with a concern with creating child care slots for children from families with low-incomes
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* This table does not include all of CEI's programs, but rather those programs which specifically emphasize women among its target groups.

Source: Coastal Enterprise, Inc. reports, program materials and interviews.

Gender is incorporated into each of funding mechanisms, with some projects targeted specifically toward women, as follows:

- i. small enterprise financing in which women are one of the main target groups (Enterprise Fund, Women's Business Center), including child care business financing (Enterprise Fund);
- ii. technical assistance to women business owners and child care business owners (Small Business Development Center, Women's Business Center, Microenterprise and Women's Business Project, Enterprise Fund, Targeted Opportunities);
- iii. research focusing on women business owners, child care providers (Targeted Opportunities, Microenterprise and Women's Business Project, Research);
- iv. programs designed to reach specific disadvantaged groups like welfare recipients interested in self-employment (Women's Business Center, Targeted Opportunities, Enterprise Fund).

CEI also operates a small business development center which provides business counseling, referrals, workshops, a lending library and computer learning center. In 1995, CEI received funding from the U.S. Small Business Administration's Office

of Women's Business Development to open a Women's Business Center. The two business counselors in this center work exclusively to provide business counseling to women.³⁵ The Women's Business Center provides one-on-one business counseling as well as workshops. In 1997 approximately 250 women from around the state of Maine were served by this center.³⁶

Between 1992 and 1994, Project JUMP (Jobs for Unemployed Parents), was a collaborative effort undertaken in conjunction with several other non-profit organizations and government agencies (including Job Opportunities for Low-income Individuals [JOLI] in the US Department of Health and Human Services), serving unemployed parents. The primary constituency of JUMP was men, but women were also recruited. Project SOAR (Special Opportunities for AFDC Recipients) was another collaboration which worked with single mothers who were recipients of government welfare subsidies. Using the same integrated model, JUMP worked with unemployed parents (men and women), while SOAR worked with single mothers only, along two programmatic "tracks. The "targeted employment" track prepared the participants for wage employment, and included on-the-job training. The self-employment track provided training for self-employment, and paired the program participants with "mentors" from the business community. In each case, participants were referred by local welfare agencies.

³⁵ Ellen Golden, fourth interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 9/14 1999).

³⁶ CEI, *Creating Opportunities for Maine People: 1998 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1998). P. 12

Both JUMP and SOAR provided participants with entrepreneurship training (by the Maine Displaced Homemakers Program in conjunction with the Maine Women's Business Development Corporation), business counseling and financing provided by CEI, and job training provided by the York County Job Training Program in the case of JUMP (and using federal Job Training Partnership Act [JTPA] funds) and Mountain Valley Training and the Lewiston Adult Education program in the case of SOAR. In its three years of operation, Project JUMP served 73 participants, 53 of whom reached economic self-sufficiency either through self-employment or employment (in other words were able to stop receiving government welfare subsidies). Project Soar served a total of 70 participants, 52 of whom became economically self-sufficient, either through employment or self-employment.³⁷ Both projects did not continue beyond the three year demonstration period, due to lack of funding and a complex organizational structure of co-sponsorship that was difficult to maintain.

Thus, CEI focuses more on financing than either CEW or UWC, and less on the broader provision of training and support. However, it does engage in more extensive training and support in collaborative endeavors, such as Project SOAR and Project JUMP. Moreover, it also make a clearer distinction between serving women and engaging in gender analysis. On the one hand, it highlights women as a priority group for small business lending. On the other, it has made a commitment

³⁷ CEI, *Celebrating 20 Years of Creating Opportunities for Maine People: 1997 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1997). Pp. 11-12.

to gender balance and gender sensitivity through its organizational practices, such as the creation of the Women's Business Project, which I discuss in depth in the next chapter.

Cooperative Economics for Women's methodology incorporates long-term connections to program participants in a manner that addresses both the technical needs of co-op members, and their life circumstances. However, in contrast to both the UWC and CEI, CEW's work stems from a critique of conventional development (and its gender bias) and a commitment to social transformation or structural economic change. CEW's program is primarily training-led with lending and financial assistance built into the program structure. Lending is provided to the organization's worker-cooperatives only. Its program is based on a popular education methodology that has been developed by Rebecca Johnson, CEW's Lead Organizer, in her community organizing work over the past 10 years. The emphasis on cooperatives stems directly from this philosophy. As Johnson describes it

Micro cooperatives are the most effective way to recreate an informal economy, a neighborhood-based, shared economic activity. They're more familiar....Cooperatives offer a middle way, a way for women to control their labor, gain experience in work skills and leadership, and have flexible working conditions.³⁸

In this framework, CEW attempts to start with people where they are – in their communities (with a community sponsoring organization) and by building on existing

³⁸ Barbara Goldoftas, "Women Helping Women: A Cooperative Approach," *Dollars & Sense* 182 (December 1992): 10-11.

skills (generally traditionally “women’s” work). As Johnson described in my interview with her,

The model is based on women’s skills, and is not designed to be full-time work. It is an effort to get people to let go of making it alone as individuals....But the definition of women’s skill varies by culture. In some countries, building maintenance is a women’s skill, but they don’t want to do it here - they say ‘It’s not what Americans do.’ It isn’t about individual self-esteem, but group building as a way to break the isolation of poor women within their community. The co-op can serve as a model and spur women to greater community involvement. The process involves political and economic analysis. This helps the women to have a sense of themselves as powerful actors, the group as support, and the co-op as a visible model.³⁹

Co-op members are recruited from community sponsoring organizations. The cooperatives include 4-10 members who generally already know each other. Together, the co-op members go through an extensive training which includes basic business management, math, needs assessments, and economic/political literacy. Each worker-cooperative works with a venture manager, a facilitator and translators (if necessary), and maintains a link to their sponsoring community-based organization.

CEW’s program is divided into three stages, as illustrated in table 4.6.

³⁹ Johnson, first interview.

Table 4.6: Cooperative Economics for Women's Popular Education Methodology

Phase	Purpose
Phase One	Self-discovery, group building, listening and communications, economic literacy. Goal is to develop a group skills portrait, and a community needs assessment
Phase Two	Basic training in office and venture practices. Financial subsidy by CEW
Phase Three	Independent work-owned cooperatives, still engaged in community development, political education and cooperative endeavors with CEW and other CEW cooperatives

Source: Cooperative Economics for Women program materials and interviews.

The stages are intended to begin with the participants' own experience, reframing what they understand as everyday into skills and knowledge that can more readily be drawn upon to create new economic options. Following this, the second phase concentrates on building the other concrete skills necessary for operating the business the co-op members have selected. Finally, the third phase takes the cooperatives from heavily assisted by CEW to independence. However, even after independence, the cooperative stays strongly tied to the organization, by retaining a seat with the Board of Directors, and participating in the political education programs.

A popular education methodology is manifested throughout CEW's programs, emphasizing self-discovery, valuing existing skills and experience, community development and participatory methods. For example, in my interview with Debbie Lubarr, one of the co-op facilitators (who work with the co-ops to

facilitate the group building process), she described her work as follows:

...for me [popular education] means that the focus of what I'm doing is based in people's experience, and that my job as the trainer and facilitator is to elicit that experience kind of anew, so that people can see connections between their experience and where they are moving to. In a real way, I think [Abbai - one of the cooperatives that does catering] cooking was a good example. Because here it is, they all have children so they all cook at least twice a day if not three times a day. But it was not something that they saw as of value, which as a parent I certainly understood. It was what you had to do....And also, it was a real diverse group, so there were a lot of different cooking styles and a lot of different cultural representations....But getting them to see that someone would really enjoy something that they thought of as kind of everyday, or maybe a little bit special but they made it or had it or whatever a thousand times, was kind of taking their experience, putting it into a job, and then evaluating that job and what people liked about it and what worked about it and what didn't work about it.⁴⁰

While the methodology is calculated to generate income, it is also designed to build community. Indeed, combating the often experienced isolation of low-income women, immigrant women, women of color and survivors of domestic violence is a core aspect of CEW's work. Johnson, for examples explains:

At CEW we strive to create opportunities to generate income, using many of the same approaches that women use in the Caribbean and western and southern Africa. We utilize popular education, learning from the methods used by our sisters in these same countries and adding our own insights....But we recognize we are in the United States, and that while we might in some small measure replicate aspects of small non-capitalist market economics, we are up against a massive restructuring of our economy which will render our work an ongoing struggle. We want to accomplish more than that anyway....Income is important, an absolute necessity. But just as necessary is the building of community and the creation of a space where critical analysis and action for change can happen. These are important functions of our organization life. The stuff we learn at board meetings, at political education events, during cooperative group meetings and during classes at St. John's helps us build a community that learns and know certain things together. Over time this will grow into a common language of

⁴⁰ Debbie Lubarr, Interview, Facilitator, Cooperative Economics for Women (Boston, MA, 3/8 1995).

analysis and action.⁴¹

However, in line with its social transformation goals, building community is the first endeavor. Utilizing popular education techniques developed in the Caribbean and southern Africa, CEW focuses first on group building to prepare the would-be co-op members for income generating activities. The curriculum emphasizes:

self-discovery, group building, listening and communications, and economic literacy. Our goals are for the group of women to (1) have an increasing sense of themselves as a supportive community, (2) gain a basic understanding of how the U.S. economy works, (3) gain an appreciation of cooperatives and...be able to identify individual skills. Their end product after 8 to 12 sessions together is a group skills portrait and a sense of whether they want to go on working together.⁴²

The next phase of cooperative development focuses more intensively on the development of the cooperative enterprise, rather than the group building and self-esteem emphasis of Phase One. However, the commitment to social change and critical analysis permeates the methodology. Rebecca Johnson described the second phase of cooperative development, commenting:

[it] can last as long as three years. Co-op members augment their skills with training in basic office and venture practices. They learn how to make phone calls, write letters, invoices and bids, plan a job, buy supplies and equipment, follow through on a job and evaluate the results. It is here that issues of literacy – reading, math, computer, driving – becomes a focus for the group. Our experience show [sic] that it is also during phase 2 that many participants recognize gaining literacy as a worthwhile personal goal.⁴³

This is also tied to the communities in which the co-op members live. Indeed, the

⁴¹ Rebecca Johnson, "From the Lead Organizer.," *CEW's News* 2, no. 2 (Spring 1996): 2-3.

⁴² Johnson, *Poor Women, Work, and Community Development*.

⁴³ Johnson, *Poor Women, Work, and Community Development*.

development of the co-op is intentionally linked to their communities through a "community needs assessment" which the co-op members undertake in the first phase of development. The co-op members "use this tool to assess need for and interest in their product or service. Up through this point participants are not required to read or write in any language."⁴⁴

The CEW staff works very closely with the co-ops, which also receive financial assistance from the organization. CEW tries to ensure that co-op members receive adequate child care (primarily through one of the work-cooperatives which is a child care collective), and the staff also advocates for the co-op members in issues of immigration, welfare benefits, etc. This commitment to provide support to co-op members in their interaction with social service institutions was institutionalized in 1997 with the Media Fellows project. One of the co-op members is a part-time staff member at CEW. Co-op members all meet together regularly for discussions about emerging issues, like welfare reform and immigration reform. In this way, the income-generation of the cooperative ventures are merged with a larger programmatic goal of community building, political education and mobilization.

In terms of direct program services, the **Urban Women's Center** incorporates the widest range of methodological approaches into its assistance to would-be and existing women microentrepreneurs. In a sense, the development of these programs has been inductive or organic. In other words, the programs have

⁴⁴ Johnson, *Poor Women, Work, and Community Development*.

often resulted from the observed and articulated needs of the clients of the UWC, along with the creativity of the Executive Director.⁴⁵ For example, as UWC Executive Director Clark describes:

[When I started] they were just doing resume-writing workshops and stuff like that...I had enough room to implement new programs and go in the directions I felt would help women's economic development. And one of the things I knew from living and working in New York, a lot of the women had small businesses, on the side. And in arts and crafts, some women had family day-care in their homes, a lot of women did fashion design, and I just felt that there has got to be a lot of talent for women down here in Trenton also, who could do the same thing. But they need to have the knowledge to know how to run their businesses in the home.⁴⁶

In this sense, as illustrated in table 4.7, UWC has been methodologically eclectic, bending with the needs of those being served -- from business training to peer lending to building support systems to the microincubator center. Moreover, the programs are relatively new, especially the peer lending, and therefore open to experimentation.

Table 4.7: The Urban Women's Center's Full-Service Programming

Project	Purpose
Community Employment Progress Program (CEPP)	Eighteen week comprehensive business training course
Project Oasis	Peer lending/loan circles
Resources for Entrepreneurs Assistance Program (REAP)	Micro incubator center, providing computers, fax machines, telephones and office space to CEPP graduates

Source: Urban Women's Center reports and program materials.

⁴⁵Indeed, each organization shows the distinct mark of key individuals (Golden in the case of CEI, Johnson with CEW, and Clark at the UWC) in shaping and directing the programs.

⁴⁶ Carol Clark, second interview, Urban Women's Center, Executive Director (Trenton, NJ, 9/30 1994).

At the same time, as table 4.7 shows, the UWC's methodology is primarily training-led, which fits with its roots as an organization primarily engaged in education and social services. The first microenterprise program was the Community Employment Progress Program (CEPP), initiated in 1992, which offers personal and business development services. It uses a comprehensive business assistance program model, and seeks to launch new entrepreneurs through an 18-week course. The course merges personal development with business planning and lending combining "personal development strategies of social services with economic development strategies of business. Success has been measured on individual changes, i.e. the development of competencies, self-confidence, and connections of the main stream economy that are required for economic independence.⁴⁷ Training is offered in a formal classroom setting, and attempts to build life skills along with business development. Recently, students in the CEPP program initiated a cooperative business, located near the UWC offices, as a way to provide hands-on training in owning and operating a small business.

The second microenterprise program initiated by the UWC (see table 4.7) is called Project Oasis, which began in 1994 and ended in 1996. Project Oasis provided loans, training and technical assistance, along with a network of peer support to program participants. Lending was accomplished through a group lending approach and the creation of loan circles - small groups that undertake peer lending. The purpose of the loan circles was to obtain a business loan, build a

⁴⁷ Urban Women's Center Project, *Project Oasis Proposal*.

credit record, meet and share ideas with other business owners, and develop stronger business skills. Program participation was open to any small business owner (i.e. child care providers, seamstresses, caterers, craftspeople, carpenters, etc.), people who work from their homes, people who conduct business on a part time or full time basis, businesses with one or two employees, graduates of the C.E.P.P. course, and anyone with a business plan. Participants had to be residents of Mercer County, and 18 years or older. Project Oasis was operated jointly with the Trenton Business Assistance Corporation (TBAC). TBAC controlled the loan disbursement, with the advise of the UWC. However, after two years, the UWC became frustrated with the process and pulled out of the project. Clark hopes to start another loan fund soon, but this time fully controlled by the UWC.⁴⁸

Finally, as indicated in table 4.7, the UWC also runs a microincubator center, Resources for Entrepreneurs Assistance Program (R.E.A.P.). R.E.A.P. provides a space within the UWC offices to share office support systems and other related services. The purpose of the microincubator center is to help businesses survive the first few difficult years by reducing initial operating costs as entrepreneurs are charged on an as-used basis. The UWC regards the center as providing a service for those who already have the skills to launch their own businesses but are constrained by an inability to raise or borrow sufficient capital, as well as providing an impetus for economic growth in its community. R.E.A.P. is available to those

⁴⁸ Carol Clark, fourth interview, Urban Women's Center, Executive Director (Trenton, NJ, 9/14 1999).

who have successfully completed the C.E.P.P. program, have a business plan, and are currently conducting a business venture or are in the process of starting a business. Many of the graduates of the C.E.P.P. program regularly come by to use the microincubator center (computer, desk-top publishing, fax machine, etc.) and to get support. The computers in the microincubator center contain business planning software that is designed for literacy – i.e. it is geared toward the population that the UWC primarily serves, adults at a sixth to eighth grade reading level.⁴⁹ R.E.A.P. is intentionally directed at maintaining longer-term connections with microentrepreneurs. For example in a funding proposal, the UWC states:

This program model establishes a long term relationship with the participants who are disadvantaged or face discrimination in the business community. Our participants tend to have fairly strong skills related to their products or services, but because of their histories, lack the personal and technical skills necessary to become entrepreneurs. To reach our clients, this program will teach the three elements as one interconnected whole, using the practical context of actually developing businesses as the central educational vehicle. Our participants will gain confidence in the market place as they become informed. They will make choices, work through problems, make mistakes, and realize successes.⁵⁰

The UWC had planned to operate a larger microincubator center in cooperation with the Trenton Business Assistance Corporation. However, the UWC eventually decided not to proceed with this larger project, and instead continues to focus on providing these services to its program participants only.⁵¹

Several of the staff of the UWC are former program participants, and other

⁴⁹ Clark, fourth interview.

⁵⁰ Urban Women's Center Project, *Project Oasis Proposal*. P. 1

⁵¹ Clark, fourth interview.

participants regularly stop in and out of the office. Many use the microincubator center, but they also look to the staff for consistent and ongoing personal and business support.

Thus UWC's methodology is full service, in the sense that it incorporates classroom training, peer lending, technical support and the provision of equipment, and the construction of personal support systems. In keeping with its educational/social service origins, it emphasizes intensive interaction with program participants that has a strong personal component. It understands its connection to program participants to be multifaceted, including business and technical advice, life skills training, and the creation of a support network in which the UWC's staff are core components.

III. Conclusion

This overview of Coastal Enterprises Inc., Cooperative Economics for Women and the Urban Women's Center, highlights three primary organizational dimensions: mission and anticipated outcomes, the population targeted and the methodology of assistance utilized. These three dimensions are mutually constituted: they stem from the problem observed or identified, the philosophical analysis or lens through which the problem is comprehended, and the assessment of the most appropriate or effective responses. While there are tensions among some of the organizations' goals and objectives (which Chapter 5 examines in more depth), this overview spotlights the ways that the organizations' mission is realized

in programmatic form.

To summarize, Coastal Enterprises Inc. has a well-developed and well-integrated series of programs with an overall economic development goal that incorporates a wide range of potential participants, with women among them. However, economic development is carefully defined to include social impact criteria – in other words, it seeks a “just” form of economic development. Indeed, for CEI, this is the critical aspect of creating sustainable alternative economic options for women. CEI works with a wide variety of partners - both public and private agencies. It has a strong commitment to both gender integration within the internal operations of the organization, and at the same time work to enhance women’s employment opportunities as microentrepreneurs.

Cooperative Economics for Women’s work stems from a strong analytical base of social transformation using popular education techniques. This focus entails starting with women’s own experiences (in their communities), on their existing skills (generally traditional women’s work), and devoting intensive staff time to helping construct a sense of community within each co-op and among co-ops. Using popular education techniques, CEW seeks to strengthen women’s income-generating capacity while building solidarity and community. Thus the construction of a program that will build sustainable alternatives and challenge gender and racial discrimination is built both on community development and popular education.

The Urban Women’s Center’s process of program development can be described as “organic” or “inductive:” the creation of new programs, including

business training, peer lending and the microincubator center, is based on an observation and assessment of what clients need. Programs are multidimensional, ranging from training, lending and technical assistance, to personal support, referrals to social service agencies and advocacy. The UWC's emphasis is primarily on individuals, but its articulation of its mission and methodology also indicate its understanding that women, especially disadvantaged women, need personal support and a greater sense of solidarity. Thus, while its main goal is to help individuals start or expand their microenterprises, it sees that an important part of this help entails personal support, educational opportunities and the creation of support networks. For the UWC, sustainability means the ability of its low-income female clients to join the economic mainstream.

In the next chapter, I build on this assessment of each organization to look in greater depth at how the programs address *gender sensitivity* and *sustainability*. I argue that these two conceptual frameworks help uncover some of the explicit and implicit assumptions each organization makes about the obstacles women face when they try to start their own businesses. In particular, I employ the concepts of *sustainability* and *gender sensitivity* to expose the way that the organizations understand and address the barriers that women entrepreneurs confront. In particular, I am interested in the extent to which such barriers are seen as the result of personal characteristics versus structural factors.

Finally, in my conclusion, I bring these back together in a broader context of development strategies and gender issues. As I argue, the determination of the

origin of barriers to women's microenterprise will effect how each organization understands the barriers to women's economic independence, and its corresponding programmatic response. These programmatic responses, in turn, can be seen to either reinforce and reinscribe the gender structuring of the economy, or they can seek to resist or change these structures. And, as I have argued earlier, development strategies that leave structural discrimination intact are, in my view, deeply flawed.

Chapter 5: Gender Sensitivity and Sustainability: Balancing and Negotiation

It is easy to get caught in saying that microenterprise *empowers* as though this process is automatic, and without clarifying what *empowerment* means in this circumstance. We assume that it means that people will become engaged with the institutions that impact their lives. To the extent that microenterprise can facilitate this, it is a component of social change....Many come to microenterprise from an anti-poverty framework, and consider it part of developing capacity. It can create a social dynamic that allows women to take leadership. But few organizations have these as conscious components of their programs. And one of the problems is that many organizations work to build individuals with the capacity to increase their own standard of living, but don't move to the next level of helping them shape community well-being.
- Suzie Johnson, Ms. Foundation for Women.

I. Introduction

In this chapter, I engage in an in-depth analysis of Coastal Enterprises Inc., Cooperative Economics for Women, and the Urban Women's Center by looking at how their perspectives on *gender sensitivity* and *sustainability* are manifested in their programs. I focus on how their views on these two dimensions help to develop programs that are both **broad** and **deep**. By **broad**, I mean the capacity of the organization to have an impact beyond that of the individual engaged in its programs, or to reach larger numbers of low-income women. **Deep** signifies the comprehensiveness of program's approach toward program participants. Depth, in this sense, indicates whether or not the program seeks to enhance the participants' **empowerment**¹ as defined by Suzie Johnson above (see Table 5.1).

¹I understand empowerment to mean a process by which individuals and groups are increasingly able to transform the conditions of their subordination and gain greater control over sources of power. In the case of women, this means contesting and combating discriminatory structures and practices which systematically disadvantage women, recognizing at the same time that "women" are not a monolithic category, and that intersecting forms of discrimination disadvantage particular women in specific ways. See Srilata Batiwala, "The Meaning of Women's Empowerment: New Concepts from Action," in *Population Policies Reconsidered: Health, Empowerment, and Rights*, ed. Gita Sen, Adrienne Germain and Lincoln C. Chen (Boston, MA: Harvard School of Public Health,

Table 5.1: Measures of Gender Sensitivity and Sustainability

	Description	Indicator
Breadth	Impact beyond individual engaged in program	Intentional efforts to link struggles of individuals to structural disadvantage through community organizing, consciousness-raising, training of others involved in the lending process, etc.
Depth	Intensity of interaction with program participants	Program design which provides personal support in addition to business advising and loans, such as personal counseling, referrals to other social service providers, etc.

As Johnson suggests, empowerment will be sustainable only if it moves beyond facilitating the self-sufficiency of individuals (depth) to the economic, social and political capacities of the communities in which low-income women struggle to survive with dignity (breadth).

In looking at *gender sensitivity and sustainability*, I emphasize the theoretical or philosophical undercurrents that can be *read* or interpreted in the interviews I conducted and the materials produced by each organization. This is further informed by the interviews I conducted with microenterprise practitioners and scholars about their reflections on microenterprise assistance in the U.S. in relation to such development strategies around the world. Finally, my participation in women's international economic and social development advocacy efforts has enhanced my understanding of global experiences in projects that seek to advance women's empowerment and women's leadership.

1994), 127-38; Gita Sen and Caren Grown, *Development, Crises, and Alternative Visions: Third World Women's Perspectives* (New York: Monthly Review Press, 1987).

In this section, I assess how each organization faces what I call “the conundrum of sustainability.” What does the conundrum of sustainability mean? By and large, if we see “sustainability” as a spectrum, organizations have to balance the comprehensiveness of the services it offers to individuals (depth) against the reach of the services (breadth). These are, of course, also aligned with the organization’s mission, capacity and the costs of programming. “Success” in microenterprise assistance programs is most often defined by policy-makers and program designers in economic terms - the number of businesses started, business growth and jobs created, from the point of view of the program participants, and loan repayment rate from the perspective of organizational sustainability. “Social” or “personal” successes, while valued, are often seen by many program evaluators and funders as positive byproducts, or subsidiary elements to economic success. Moreover, many policy-makers, funders and program development consider the “social” outcomes to be more difficult to quantify and more costly to bring about. However, “social” outcomes, such as literacy, self-esteem or critical analytical skills, may be vital to women’s attaining economic independence, and may be particularly valued by program participants.

To the extent that organizations de-emphasize “social” goals,” in my opinion, they also end up reinforcing, rather than contesting the gender structuring of the economy which is disadvantageous to women. In such cases, the dominant development paradigm remains intact, as does the predominant gender structuring of the economy and society. I test this hypothesis by looking at the links between an organization’s *gender sensitivity*, their consideration of *sustainability* (both of

which I define in more detail below) and their program design and implementation.

Gender Sensitivity

In the category of *gender sensitivity*, I look at how and why each organization targets women and which women it targets (and how it views men as participants); what obstacles it sees women facing as it seeks to start or expand its businesses and how it address these obstacles in its programs; and finally, whether it addresses these obstacles as individual barriers or as structural problems.

Table 5.2: Dimensions of Gender Sensitivity

Dimension	Features
Targeting women	<i>Why</i> it targets women and what it hopes to achieve by this
Gender structuring	<i>What</i> does it understand as the primary obstacles that women microentrepreneurs face in starting and running its businesses
Analysis of gender structuring	<i>How</i> does it analyze these obstacles, as individual characteristics or structural barriers

While each of the organizations I studied targets women, the concept of an organization's *gender sensitivity* can be disaggregated along three dimensions: the targeting of women (why does it target women and what does it hope to achieve by targeting women?); gender structuring (how does each organization address the structural obstacles women face as it seeks to become or expand as microentrepreneurs? How is this operationalized in its programming?); and gender analysis (to what extent does it link its assessment of these obstacles to structural barriers based on gender? Does it explicitly seek to challenge women's

disadvantaged status or “subordination”²)

Sustainability

Based on my analysis of the *gender sensitivity*, of each organization, I conclude the chapter by looking at the question of *sustainability*. Here I look at the relationship between the organization’s understanding of *gender sensitivity* as this is manifested in its programs, and how they balance economic and social goals. While *sustainability* can be examined in a variety of ways, I address a very narrow corner of *sustainability*, as the sustainability of organizations’ efforts to address and combat discrimination against women as this is manifested in the gender structuring of the economy. I argue that fostering and sustaining women’s economic independence and empowerment requires an attention to economic and social goals, and individual advancement as well as community development. I am specifically concerned with each organization’s efforts to account for its impact – both on clients/program participants, and in a wider community context. I look at these factors because the balancing of economic and social goals, and the negotiation of individual and community impact are directly related to each organization’s analysis of the obstacles faced by women in their efforts to create their own businesses. If the obstacles to women’s business success that each organization attempts to address are, in some part, viewed as structural (in other

²For a useful discussion about the relationship between grassroots women’s community organizing efforts and efforts to combat women’s subordination, see Sherna Berger with Gluck, et al., “Whose Feminism, Whose History? Reflections on Excavating the History of (the) US Women’s Movement(s),” in *Community Activism and Feminist Politics: Organizing Across Race, Class, and Gender*, ed. Nancy A. Naples (NY: Routledge, 1998), 31-56; Nancy A. Naples, “Women’s Community Activism: Exploring the Dynamics of Politicization and Diversity,” in *Community Activism and Feminist Politics: Organizing Across Race, Class, and Gender*, ed. Nancy A. Naples (NY: Routledge, 1998), 327-50.

words, the result of discriminatory gender norms and processes), the critical question is whether success is also attached to structural changes at the community level. Therefore, I explore how each organization attempts to integrate its assistance to individual women with an effort to address women's economic marginalization at a structural level.

II. Gender Sensitivity

Throughout their literature, and in interviews, members of each organization (both staff and program participants) articulate its own reasons for targeting women (versus men). They also express their particular understanding of the structural barriers that women face as microentrepreneurs -- or the gender structuring of the economy. The different ways that gender structuring is understood reflects differences in "gender analysis." In the following section, I present and assess the range of *gender sensitivity* expressed by each of the three organizations. I then analyze their views on *sustainability*, and connect these to their *gender sensitivity*.

To a certain extent all three organizations target women because of the gaps they perceive in women's access to credit or assets. As I will show, however, the explanation for these gaps varies from one organization to another, with implications for its understanding of *why* women experience these gaps, and the most effective (or *sustainable*) means for addressing the gaps. In broad strokes, for CEI, the gaps result from sex bias, that is, it believes that women's endeavors are treated as less credible or worthy of credit. The UWC regards the gaps as stemming both from economic disadvantage and women's dependency on welfare. CEW understands

the gaps as originating in the structural disadvantage that low income women, battered women, and immigrant women confront. In this section, I assess each organization's *gender sensitivity* by looking at (a) its goals in targeting women; (b) the primary obstacles its programs seek to address; and (c) the analysis it articulates about these obstacles, along with its views of gender differences.

Coastal Enterprises Inc.

Targeting women:

Generally, CEI's position on women's microenterprise assistance can be described as an equality approach, most clearly stated in its project report for its Training of Trainers Project. Here, CEI describes its goals as

reducing the barriers stemming from sex bias that prevent female vocational education students from receiving appropriate and effective entrepreneurship training, technical assistance and related business development support and that inhibit women from achieving their full potential through self-employment and small business development.³

Further, it underscores the importance of understanding and communicating women's specific and particular needs as microentrepreneurs. For CEI, these different needs are the result of gender-based differences, but, as a result women require "different strategies for effective support."⁴

In other words, CEI decided to target women because it saw a gap in services available to women business owners. In response, it decided to better understand women's experiences of seeking loans for their business endeavors by running focus groups. In doing so, it found that "the focus groups were very

³ CEI, *Training of Trainers Project Report* (Wiscasset, ME: Coastal Enterprises Inc., 1991).

⁴ CEI, *Project Report*.

empowering for the participants - they would tell stories, get validated, get support from others with similar experiences. They saw the system was at fault. [I] did talks on being strategic - what is there and how to approach."⁵

As a result of its research, CEI initiated a women's business project. Initially it planned a two-day event to focus on self-esteem, building capacity around risk-taking and decision-making, along with business planning and other more traditional business-related topics. It structured in opportunities for networking. Eighty women attended and "were completely energized by the workshop. The reception was very successful."⁶ Next, it ran the program in collaboration with Southern Portland Technical College, among others. Working with local partners, it ultimately ran six programs. Following the initial programs, it conducted a second round of programs, five in all. As Ellen Golden described in my interview with her, "These were an important opportunity for testing our assumptions about our analysis."⁷

At the time CEI staff (Golden especially) began to focus on women, the organization considered that it had to justify this emphasis. In a short period of time, however, the programs laid the groundwork for setting up separate services for women. CEI's response was to do training of trainers, make a commitment to gender balance on the staff (which was much smaller at the time), and to initiate the Women's Business Project.

In the late 1980s, CEI, and Ellen Golden in particular, grew concerned about

⁵ Ellen Golden, second interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 3/22 1993).

⁶ Golden, second interview.

⁷ Golden, second interview.

how to make these services more permanent. In response to these concerns, it began training trainers, to teach them to work more effectively with women. It trained SCORE (Service Corps of Retired Executives) and SBDC (Small Business Development Center) counselors, did presentations for various agencies, business educators, and others. Many of those it trained simply hadn't worked with women as peers and they didn't know how to respond.

Over time, while CEI has continued to develop some special programs for women (including setting up a Women's Business Center, supported by the U.S. Small Business Administration's Office of Women's Business Ownership in 1995), it has also emphasized integrating the important and useful aspects of its gender analysis into regular technical assistance. For example, in its second SBA (U.S. Small Business Administration) Microloan Program, the strategy was to focus on women with a gender breakdown on loans. The training course it developed in 1998 on starting a business, is geared to low-income women, and it conducts outreach to recruit women.

At the same time, CEI has also sought to integrate a gender analysis into all of its programming. The Child Care Development Project is one example of the effort to engage in gender analyses and to integrate women's specific concerns into its general programming. While the Child Care Development Project does not specifically target women, it consciously addresses issues which are often particularly vexing to women: the search for adequate and affordable childcare, and business opportunities which allow for merging family responsibilities with the need for income and assets.

In 1989, CEI began the Child Care Development Project. In its research and development phase, CEI conducted a survey of registered childcare providers. In doing so, it realized that most economic development corporations know very little about childcare. Some were non-profit centers, some family businesses, but almost all had women as the owner/operators. As a result of its research, CEI learned how to help women improve operations, connecting them to food programs, engaging in policy and regulation debates, balancing enrollments, understanding the circumstances that make it work.⁸ The Child Care Development Project provides technical assistance with the loan application process; offers on-site consultations for people interested in receiving loans for child care services; has prepared a “how-to” handbook for family child care providers; and refers child care providers to other community services. While the Child Care Development Project does not explicitly target women for its services, it is based on a gender analysis of women’s primary responsibility for the provision of child care, and thus women’s reliance on affordable and quality child care in order to become economically independent. At the same time, women are disproportionately the owners and operators of child care services.

Obstacles to microenterprise:

In general, CEI views the obstacles women face as they seek to initiate or expand their enterprises as stemming from stereotypical views about women and women’s businesses, as well as women’s concentration among the low income population. Ellen Golden observed that “Initially people start where they have skill,

⁸ Golden, second interview.

experience and training. For women, this is in traditionally female responsibilities. Some women try business in non-traditional activities, but the majority don't." She also notes, however, that "this is starting to change."⁹

Some of the primary barriers that CEI observes are described in a pamphlet about the Women's Business Project. Here, Golden emphasizes the importance of fully grappling with the impact of different stereotypes and cultural expectations of women and men, which most commonly work to the detriment of women business owners. She stresses that:

Women's businesses are often perceived as something less than serious economic activity, particularly those in "traditionally female" fields, such as child care or cleaning. This is especially true when the project is part-time or based at home, although both of these can help owners cut costs, balance domestic duties, and reduce risk.¹⁰

Indeed, from an alternative perspective, such as the type espoused by CEI, the differences between men's and women's business development processes can be valued rather than negated. For example, Golden notes that "[m]any women's businesses start small and grow slowly, a measured approach that often improves chances of success but runs counter to traditional expectations of rapid growth and job creation."¹¹ As a result, CEI's Women's Business Project is continually developing new products that respond to the needs of women small business owners, such a peer support, trickle-up loans (short-term, \$700 loans), standard term flexible loans, and most recently, research and development of an equity

⁹ Ellen Golden, first interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 3/21 1993).

¹⁰ Ellen Golden, "The Women's Business Project," *Communities & Banking* (n.d.), 4.

¹¹ Golden, "Women's Business Project."

product on a micro-scale directed toward women business owners.¹²

CEI identifies both general and specific factors that affect women as existing or potential microentrepreneurs. In a general sense it notes the importance of addressing, "how comfortable women are with the notion of business, identifying needs, expressing them, even though there are more women with more experience. There continue to be issues around the kinds of business, as well as little collateral, ugly credit histories due to divorce, domestic violence,"¹³ among other factors. Further, CEI notes that "Time was often raised as an issue - the burden of carrying it all. For men, the business allowed them to spend more time with their families. There was a difference in the amount of time women spend in business,"¹⁴ and different patterns associated with women's and men's initiatives, in terms of the types of businesses they start, the other responsibilities they must juggle in order to manage their businesses and their lives, and their expectations about the availability of financial assistance.

Through training, education, and targeted programming, CEI also attempts to address what it understands to be the specific factors that present barriers to women business owners. Some of these have to do with stereotypes about women's roles in society, such as multiple responsibilities, lack of education and training opportunities, among others. Women's multiple responsibilities, particularly their primary responsibility for child care, affects their capacity as business owners

¹² Ellen Golden, fourth interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 9/14 1999).

¹³ Golden, second interview.

¹⁴ Golden, second interview.

in both direct and indirect ways. For example, Helen Scalia, a CEI loan officer commented to me that women's and men's culturally different relations to, and responsibility for child rearing are an important factor to consider. In recounting the outcome of interviews with Project SOAR participants, Scalia observed that "women wanted to be self-employed to be with their kids. [The participants] incorrectly perceive self-employment as a way to create their own hours. And childcare is a real barrier to success. It is a barrier to business viability and hampers the business once started."¹⁵ And indeed, CEI's Child Care Development Project attempts to address this, both in supporting childcare as a potentially profitable business endeavor, and at the same time helping to expand affordable childcare services.

Scalia's point was confirmed in my interview with Joanne Thompson, a CEI loan recipient. Libby spoke to the simultaneous obstacles of stereotypes about women business owners, and the difficulty of managing a business and parenting a young child:

My family discouraged me from doing this business, felt it wasn't what women are supposed to do....My friends have been supportive, but in the end, you go it alone. In many ways, it is a lonely path, because no one else understands the intricacies of the business....I never feel completely safe, since the other business folded. Being a woman and a single parent, I never will feel completely safe....This feeling of uncertainty is worse with a child. The transition happened when I was around thirty - that has a lot to do with it. I feel that I can't rest and I love the work I do. I think I'm an entrepreneur at heart."¹⁶

Low-income women and women receiving public assistance may face additional obstacles that are beyond the scope of an organization primarily engaged

¹⁵ Helen Scalia, Interview, Coastal Enterprises Inc., Loan Officer (Wiscasset, ME, 3/23 1993).

¹⁶ Joanne Thompson, Interview, Coastal Enterprises Inc., Newsletter Exchange (Portland, ME, 3/21 1993).. All loan recipients and program participants are referred to with pseudonyms.

in financing and technical assistance for small business initiatives. CEI loan officer Scalia noted:

For the unsuccessful participants in SOAR [a program for women receiving AFDC] CEI comes in too late in the game, too many established patterns and routines. And people need social services, which CEI doesn't provide, as well as the means to overcome some specific barriers like the lack of a reliable vehicle, dysfunctional families, drug and alcohol problems, criminal records.¹⁷

In other words, for Scalia, the lack of success is not the result of a lack of initiative on the part of the SOAR participants, but a paucity in the range of services the participants feel they need. Phebe Meek, another CEI loan officer, affirmed Scalia's point and identified a gap between what it takes to support a business and a family, while at the same time dealing with the loss of government subsidies for child care and health insurance. Meek commented that:

For folks receiving welfare there are tremendous barriers to getting off and into self-employment. It takes \$18,000 to 20,000 to replicate the income and marginal health benefits of receiving welfare. Not even in a business started by a middle-class person is this likely in the first few years....The numbers are daunting and the transitional services aren't enough and they don't last very long.¹⁸

Moreover, the system in which low-income women operate is not, for the most part, supportive of their enterprise efforts. Lisa Martin, the coordinator of Project SOAR, told me that "AFDC caseworkers don't support self-employment because it's more difficult, riskier. AFDC policy also presents barriers, since it takes more than a year to start your own business and afford health insurance."¹⁹

¹⁷ Scalia, Interview.

¹⁸ Phebe Meek, Interview, Coastal Enterprises Inc., Loan Officer (Wiscasset, ME, 3/23 1993).

¹⁹ Lisa Martin, Interview, Project SOAR, Program Coordinator, Coastal Enterprises Inc. (telephone, 4/14 1993).

Women's primary responsibility for child care and child rearing presents difficult choices for would-be microentrepreneurs. According to Golden, "It doesn't pay for women to get poor jobs if they don't get medical benefits for themselves and their kids. This wouldn't be in the best interests of the children. You can't get off of it [AFDC] if it means putting your family at risk...."²⁰ The ability of women to continue to receive medicaid after leaving welfare varies from state to state, but they often can continue on medicaid for some period of time.

For CEI's Scalia, women's family responsibilities presents particular problems in its efforts to help low-income women become self-employed, as she commented, "CEI is an economic development organization, but people need social services"²¹ Further, as Scalia's observations imply, women, as a group, are not monolithic and do not have a single economic experience. Different women face a variety of barriers, related not only to their gender, but also their class, cultural, race, sexual orientation, ethnicity, language and a range of other factors.

Other obstacles that CEI addresses have to do with the nature of the businesses women are most likely to initiate and the implications this has for the availability of financing. Golden raised this point in our interview, observing that "Access to business credit is directly affected by the size of women's typical loan requests, frequently less than \$5,000. Also, since women earn less than men, they often have less assets. And many start service businesses that offer little if any

²⁰ Golden, first interview.

²¹ Scalia, Interview.

collateral to the lender.”²² Golden’s point is manifested in the experiences of Jennifer Hanes, another CEI loan recipient who runs a feed and supply shop in a trailer behind her house. In our interview, Hanes explained:

I heard about CEI through an article I read in the Coastal Journal about a woman who owned a redemption center. The credit union wasn’t interested in giving me a business loan, even though I had a personal loan with the Mid-Coast Federal Credit Union. I got a loan from Coastal Economic Development for an addition to my trailer, and got a bank loan for the trailer, but that was co-signed by my dad. CED gave a low-interest loan for work on the trailer. Of the \$10,000 they gave, \$6,500 was a loan and \$3,500 was a grant. Mid-coast did just approve a second mortgage. But the banks are prejudiced against women in business. I tried a few banks, but was turned down. I went to several banks for the second mortgage, with no luck. My brother, on the other hand, had no trouble.²³

Such obstacles exist, it appears, despite evidence about the importance of small business in general and women’s small business in particular. CEI research indicates the extent of self-employment in Maine, and its significance for job creation since the vast majority of businesses in Maine (seventy-five percent) employ fewer than 10 people. Women, its research shows, are starting small business three times faster than men.²⁴ Thus, its research indicates that women’s microenterprises comprise a small, but significant component of economic growth in Maine. However, in spite of the potential impact of these businesses, CEI bemoans that the “smallest enterprises are rarely the focus of public and private resources. They are frequently left with inadequate access to credit, to information,

²² Golden, second interview.

²³ Harriet Hanes, Interview, Coastal Enterprises Inc., Lilly’s Feed and Farm Supplies (Dresden, ME, 3/22 1993).

²⁴ CEI, *The Enterprise Development Fund*, Fact sheet (Wiscasset, ME: Coastal Enterprises Inc., n.d.).

and to appropriate technical assistance."²⁵

Analysis of obstacles/gender differences:

As I have discussed earlier, CEI attempts to understand and address the gender-specific barriers women face in becoming self-employed or in growing their businesses. From CEI's perspective, these stem from gender-based stereotypes that make it difficult for women to receive training or loans, as well as the impact of these stereotypes on women themselves. Golden explained that the organization seeks to respond to long-term structural shifts in the economy, not solely to crises.

For them:

Gender imbalance is a part of this, along with poverty alleviation, capital redirection. We are driven by larger inequities in the economy and society in general...The role of CEI is to enhance the capacity of small businesses to meet their economic development objectives. This is what support can do. We can also make sure that those with very limited resources can get access to credit. In this way, we try to compensate and redirect resources to ensure the capacity of people to be successful in microenterprise.²⁶

Of course, as CEI staff observe, access to credit is not the only barrier to initiating and sustaining a microenterprise. In response to CEI's recognition that "success is exceptional," it helped to construct programs that provide the resources beyond financial ones that are critical to low-income women's likelihood of building sustainable businesses. As Scalia recounted, "the lesson from SOAR is that having the project as a support system does enhance the likelihood of success."²⁷

CEI's concern with microenterprise stems from its analysis of the community

²⁵ CEI, *The Enterprise Development Fund*.

²⁶ Golden, first interview.

²⁷ Scalia, Interview.

in which it operates - the State of Maine, and its predominantly rural economy. In such an economy, its research shows, there is a significant informal sector, in which microenterprise has strong roots. And these microenterprises are diverse, comprising "babysitting, crafts, all kinds of services."²⁸ The businesses, as well as the business owners, operate in diverse ways, which can make formal lending institutions inhospitable. For example, many of the operations work on a barter system, and do not have the records they would need in order to get a bank loan. Moreover, Golden commented that "it is hard to know the gender dimensions and hard to get women to admit they are engaged in business activity. They are "patchers" - with multiple sources of income."²⁹ In response to these observations, CEI is exploring ways to support women's businesses, both through developing new loan products, as well as new mechanisms of support. For example, through funding from the Aspen Institute's Field Program, CEI received funding in 1998 to expanding its products for financing businesses undertaken by low-income people. In addition to tracking its existing products more carefully, and looking specifically at whether very small funds (\$700 grants to very low-income business owners) can help set grantees on a path to more conventional funding, CEI is in the initial stages of developing an equity product on a micro-scale. Providing this equity product to women would be one of CEI's priorities.³⁰

While some of the barriers that women's microenterprises face in Maine are

²⁸ Golden, second interview.

²⁹ Golden, second interview.

³⁰ Golden, fourth interview.

generalizable to most microenterprises, or informal sector activities, some specific gender differences have been observed by CEI staff and program participants. Some of these are rooted in gender norms and discriminatory practices, while others stem from the impact of these norms on individual women. For example, as a result of its research on women's access to credit, CEI found that "it was apparent that some bankers still perceive women business owners as hobbyists. That is due in part to the power of traditional stereotypes, but also in part to the difficulty women have in articulating their desire to make money."³¹ In other words, given the gender structuring of the economy and society, it is often difficult for women to articulate an understanding of themselves as legitimate economic agents. Moreover, discriminatory attitudes run deep, and can be difficult to overcome. In the same report, for example, CEI noted that:

It was clear that a strong business plan and an ability to present a strong argument on behalf of one's business were important, but not necessarily adequate to overcome a lack of familiarity on the banker's part about a type of business or a stereotypical response to traditionally female enterprises or a lack of collateral.³²

Gender differences are apparent in other ways, according to the CEI staff. For example, in terms of the types of businesses that men and women operate, Phebe Meek noted "[Project] JUMP guys don't have the same interest in retail [businesses] - they see more options available."³³ Thus, often there are gender differences in the types of businesses that women and men initiate.

³¹ CEI, *Project Report*.

³² CEI, *Project Report*.

³³ Meek, *Interview*.

Indeed, according to CEI's analysis, given these gender differences, the process of providing assistance should also differ. Golden describes the particular process for women as "an empowerment process [that] takes place - learning how to make decisions, take risks, take charge of their lives. Even entrepreneurial training does this, even if the participants don't finally start businesses."³⁴ Art Stevens, coordinator of Project JUMP also viewed gender differences as critical to address in program design. In my interview with him, he pointed to the many gender issues, or differences between the male and female participants in Project JUMP:

[We] thought men wouldn't need self-esteem training, but it seems that they need it more than women. Once they get comfortable being on AFDC, its hard to get them actively engaged - they become passive, wait to be told what to do. Had expected a different reaction. It's especially difficult since what jobs are available pay poorly. Their skills are antiquated, jobs aren't there anymore. Men especially are intimidated about going back to school.³⁵

To summarize briefly, I argue that CEI frames its analysis of gender issues and women's small business endeavors in two ways. First, it consistently views the obstacles women face in seeking small loans as primarily the result of stereotypes about women and women's businesses. The sexist stereotypes are, for the most part, analyzed as external forces. However, CEI also considers these attitudes to be manifested at the individual level - in individual women and men microentrepreneurs. As a result, addressing the obstacles must take place at both levels. Ellen Golden summed up their perspective succinctly, commenting:

³⁴ Golden, first interview.

³⁵ Art Stevens, Interview, Project JUMP Program Coordinator, Coastal Enterprises Inc. (Wiscasset, ME, 22/3 1993).

Capacity building is a political issue for women - defining what they want, speaking out, helps women make use of political power. In terms of the politics of women's development, you see the importance of focusing on economic issues. The women's movement needs to focus more on this. It doesn't have to be large amounts of money. Economic capacity is power in this society, and is the means to political power. Empowerment means individual capacity building, understanding choices, tools to understand choices before they make them and act. Programmatically it means giving women access to information, to prepare yourself, skill building and resources.³⁶

Thus, CEI's analysis of the need for gender sensitivity in microenterprise assistance is well-integrated and significantly articulated, both in terms of the broader objectives it seeks in the Maine economy and more specifically, with regard to the empowerment of women microentrepreneurs.

However, even while CEI explicitly articulates a concern with women's "empowerment," and the redirection of resources to disadvantaged groups, it does not, for the most part, engage in a broader structural critique of the economy and society. It presents its work as filling gaps – gaps in access to resources, gaps in understanding, gaps in programming. To the extent that it engages in policy advocacy and community development, this is primarily through participation in statewide and national advocacy organizations, rather than directly engaging in community or women's economic development organizing.

Cooperative Economics for Women

Targeting Women:

CEW targets women from a concern with empowering women, particularly low-income and disadvantaged women, and with community development. Its overall philosophy is rooted in a vision of communities which offer more

³⁶ Golden, first interview.

opportunities for low-income women to lives safer and more secure lives. As it explains in a grant proposal:

As a society, we have yet to appreciate or meaningfully support women as workers and the re-producers and sustainers of the workforce. Most women in the United States are poor....a fundamental reality of women's lives is that we are overwhelmingly the raisers of children and caregivers to the sick and dependent. This renders women's already economically impoverished lives even more precarious.³⁷

Thus, CEW targets a particular subset of women, and it has formulated its program with this group in mind. Moreover, its programming has *organizing women* at its core. In other words, from CEW's perspective, change occurs not just through individual advancement but through community change. This stands in contrast to CEI's focus on filling market gaps, fostering economic opportunities for women, among disadvantaged groups in Maine, and addressing gender stereotypes. In other words, CEW directly and explicitly calls for a critique of the gender structuring of the economy, specifically recognizing differences among women as well as differences between women and men, and works toward structural change. In describing its particular perspective, CEW states that it is:

...especially adept at organizing with poor women from many different racial, cultural and linguistic backgrounds. This is particularly important since poor communities are the first place immigrants and refugees find welcome and affordable necessities. In order to be true to the nature of the communities where we work, we feel we must be flexible enough to organize within this diversity. Therefore our constituency includes women who speak many languages and who originate from many countries.³⁸

As result, it constructs its program in a way that facilitates the participation of the

³⁷ CEW, *Cooperative Economics for Women: Proposal for Funding* (Boston, MA: Cooperative Economics for Women, 1994).

³⁸ CEW, *CEW Proposal for Funding*.

women it seeks to organize/target. As CEW board member Hope Lewis explained to me, “[CEW] doesn’t set up artificial barriers to women’s participation [and therefore provide translators and do not require literacy]...They see each woman as bringing value to the collective. Each member can contribute, even prior to the training process.”³⁹ This position reflects CEW commitment to developing a “...communal effort in a culture and climate which demonizes women, devalues their children and seeks to render them as fodder for economic exploitation in dangerous, illegal and exploitative jobs.”⁴⁰

Obstacles to microenterprise:

In contrast to CEI and the UWC, CEW creates and supports women’s worker-cooperatives as part of a larger social transformation endeavor. In other words, it explicitly does not seek to create microentrepreneurs, and indeed, regards this notion of individualistic entrepreneurship as one of the obstacles it must address. Rebecca Johnson, the founder and lead organizer explained this to me by noting, “We’re not doing job training. It’s based on women’s skills, and we provide all the capital support that women don’t bring, so that they don’t start out under-capitalized, any more than we’re under-capitalized.”⁴¹ This means that CEW provides significant financial support to the co-ops as they are developing, along with technical and personal support to the co-op members.

³⁹ Hope Lewis, Interview, Board Member, Cooperative Economics for Women (Boston, MA, 3/8 1995).

⁴⁰ Rebecca Johnson, “From the Lead Organizer.,” *CEW’s News* 3, no. 2 (Fall 1997): 2-3.

⁴¹ Rebecca Johnson, first interview (Lead Organizer, Cooperative Economics for Women, 9/22 1994).

Indeed, among the obstacles to women's economic empowerment it seeks to address is the general view of "development" in the U.S. and the models upon which this view relies. In other words, as Johnson described its organizing efforts:

Our principal organizing activity is the creation and development of cooperative income generation projects and these projects, among others things, are cooperatively structured businesses. The confusion lies with the assumption that we do small business development and/or prepare women for employment, or train them to be entrepreneurs.⁴²

Johnson continued by expanding on her critique of the notion of "entrepreneurship," specifically in the context of the range of options available to assisting low-income women in the U.S. She queried:

What is entrepreneurship? Depending on what you read, it's a way of thinking, a state of being, an inclination in one's personal work style, or a set of skills which an individual (or in our case, a group) might possess or learn. The dictionary defines an entrepreneur as 'A person who organizes and manages a business undertaking, assuming the risk for the sake of the profit.' (Webster's New World Dictionary 3rd College Edition, 1991). Entrepreneurship and training is one of several remedies to unemployment, underemployment and welfare dependency to which poor and working class people have been subjected in the last ten years. The idea, in the case of poor women receiving AFDC, is that by creating their own small business they will raise themselves out of poverty, inculcate their children with dignity and responsibility and become tax-paying, law-abiding citizens. The law they will abide by is the currently fashionable, if unwritten, one which states that no poor woman should expect any help from social welfare systems. To put it more simply, if she is poor it is her own damn fault.⁴³

Thus, unlike either CEI or the UWC, CEW contests the notion of "entrepreneurship" itself as a viable economic development and empowerment strategy for most low-income and disadvantaged women. A central problem with the U.S. model of development, according to CEW is the individualism and isolation that are at the

⁴² Rebecca Johnson, "From the Lead Organizer.," *CEW's News* 2, no. 2 (Spring 1996): 2-3.

⁴³ Johnson, "From the Lead Organizer.."

core of the development discourse. As Johnson states, women are not only marginalized, but dismissed from development processes. She criticizes the growing specialization and professionalization of community development, commenting that in this context:

...poor women, isolated from their geographic surroundings, struggling with the double burden of home work and income generation, are usually not seen as important participants in the development of their communities. In fact, they may be viewed as an impediment to community development, as a population that brings no skills or capacities to the critical work of revitalization.⁴⁴

These are obstacles that CEW explicitly takes on, both in the structure of its program, and in its emphasis on developing women's economic literacy and critical analytical skills. Moreover, it begins with women where they are. As Johnson stressed:

The model is based on women's skills, and is not designed to be full-time work. It is an effort to get people to let go of making it alone as individuals....It isn't about individual self-esteem, but group building as a way to break the isolation of poor women within their community. The co-op can serve as a model and spur women to greater community involvement. The process involves political and economic analysis. This helps the women to have a sense of themselves as powerful actors, the group as support, and the co-op as a visible model.⁴⁵

Of course, CEW sees its general critique manifested in the views and actions of the individual women with whom it organizes: a lack of self-esteem, a sense of isolation, and a feeling of hopelessness. It is precisely a re-valuing of women's skills and efforts that forms a central aspect of CEW's work. Debbie Lubarr commented as she described some of her work as a facilitator with the Abbai

⁴⁴ Rebecca Johnson, *Poor Women, Work, and Community Development: A Reflection Paper* (Boston, MA: Cooperative Economics for Women, n.d.).

⁴⁵ Johnson, first interview.

Catering Cooperative: "Take cooking for example. One of the issues is getting [the co-op members] to see this as of value, especially as parents - it's a chore. The issue is getting them to see that someone else would value what seemed everyday for them – and evaluating it."⁴⁶ While all three organizations attempt to address the obstacles women microentrepreneurs face in their everyday lives, CEW most explicitly poses the barriers as issues requiring political, as well as economic and social, action.

CEW's program directly addresses the variety of these obstacles through group building, self-discovery, listening and communication skills and economic literacy. In the first phase of cooperative development, Johnson explains,

Our goals are for the group of women to (1) have an increasing sense of themselves as a supportive community, (2) gain a basic understanding of how the US economy works, (3) gain an appreciation of cooperatives and the Rochdale Principles for cooperation and be able to identify individual skills. Their end product after 8 to 12 sessions together is a group skills portrait and a sense of whether they want to go on working together.⁴⁷

Anita Ramos, the Chair of the Board of Directors, and member of Little People Babysitting co-op affirms the importance of these efforts in helping her overcome some of the most distinct obstacles she saw for herself, even though the process of building a cooperative enterprise (or any enterprise) is itself an additional obstacle. She emphasized the importance of

Support, and the people we work with make us feel like we could do it, could make it. I know in my heart this is something that *can* work. But it takes a lot of time and effort, and you have to approach people in a different way with this, because people aren't going to see this as a regular job. That's

⁴⁶ Debbie Lubarr, Interview, Facilitator, Cooperative Economics for Women (Boston, MA, 3/8 1995).

⁴⁷ Johnson, *Poor Women, Work, and Community Development*.

hard. It really, really takes a lot of time. It takes a lot of your personal life.⁴⁸ Maryanne Mitchell, another Little People co-op member reinforced Vargas' emphasis on the constraints of time. When she first started, Hodge recounted, "...I was working four days a week for two hours a day. So that kind of made it like this is all great. But then as I went further into working, I was working long hours, more hours and longer hours. It's just that way."⁴⁹

And, in some cases, the obstacles present insurmountable barriers. For example, in 1998 both Little People Cooperative Babysitting Service and Splash of Color Event and Planning Service disbanded. In the case of Little People, the business was really a function of the individuals who started it, and their experience was too difficult to replicate. Moreover, according to Johnson, while there is a growing number of home-based child care providers, home-based care is highly individualized. It is therefore hard to organize among home-based providers.⁵⁰ In the case of Splash of Color, the co-op members all left for other jobs, in part as a result of their success in running Splash of Color.

The process of cooperative development becomes more time consuming in the second phase, as the gaps in the co-op members' education and background are addressed in the context of building their enterprises. Johnson comments that

[Phase two] can last as long as three years. Co-op members augment their skills with training in basic office and venture practices. They learn how to

⁴⁸ Anita Ramos, Interview, Member, Little People Cooperative Babysitting Service (Boston, MA, 9/22 1995).

⁴⁹ Johnetta Mitchell, Interview, Member, Little People Cooperative Babysitting Service (Boston, MA, 9/22 1995).

⁵⁰ Rebecca Johnson, third interview (Lead Organizer, Cooperative Economics for Women, 10/18 1999).

make phone calls, write letters, invoices and bids, plan a job, buy supplies and equipment, follow through on a job and evaluate the results. It is here that issues of literacy – reading, math, computer, driving – becomes a focus for the group. Our experience show [sic] that it is also during phase 2 that many participants recognize gaining literacy as a worthwhile personal goal.⁵¹

Lubarr reiterated this point, noting that skills development is critical to addressing the co-op members' ability to create their enterprises:

The women who were educated in the United States are, of course, the worst at math. And in economic development stuff, not having math skills is really an incredible barrier...I wouldn't be surprised if educationally that's one of the barriers for people doing the work here...⁵²

However, the combination of group building and skills building does, indeed, help address the obstacles faced by the co-op members. Ramos indicated that:

...a person like me that has no experience business-wise, talking to another person who has so much more than me, in school and all that, and I'm here making a deal with this person. So that was kind of difficult, and I was scared...but we got jobs...⁵³

Johnson elaborated on growth process that the Little People co-op members went through, pointing out that

Three months into the process, after they finished their phase one and they were starting to run this babysitting service, people were coming up to them and saying, 'Oh, we heard about you. We're so glad you're doing this. I want to become a member of Little People some day.' So there was this whole sense of them in the community that switched. One of the women went on the fundraising committee for her tenant organization. Another woman went on the CDC board.⁵⁴

In other words, the combination of skills building and group solidarity does

⁵¹ Johnson, *Poor Women, Work, and Community Development*.

⁵² Lubarr, Interview.

⁵³ Ramos, Interview.

⁵⁴ Johnson, first interview.

encourage the co-op participants to engage in broader, community activities.

Analysis of obstacles/gender differences:

CEW's analysis is founded upon a broad critique of development practices in the U.S., focusing particularly on the impact of those dismissed from these processes. Combatting isolation, building a sense of efficacy and creating solidarity are central elements to CEW's strategy, as its analysis comprises discrimination based on gender, race, nationality and income. CEW works with women who, according to its analysis, face particularly onerous obstacles to operating as full participants in their communities. Its perspective is founded upon respect for the women with whom it organizes. As Johnson explained to me:

...poor women who end up receiving AFDC and other transfer payments quickly find themselves in a primary relationship with an arbitrary and punitive social welfare system. This system, whether it is the local welfare office, employment and training, state children's protective services, section 8 housing or some other 'entitlement,' serves to isolate women from their geographic community by monopolizing their time in certification processes, home visits, appeal hearing and visits to the office. The more complicated a woman's life is – escaping battering, struggling with a chronically ill child or parent, trying to overcome homelessness – the more isolated she becomes....It is a testament to the strength of poor women that they survive and some thrive. Their children grow up and most become productive members of society.⁵⁵

From this analysis of the constraints faced by low-income women, CEW emphasizes the importance of constructing solidarity and community, as an alternative development practice. Indeed, the articulation of its process as one of community building and community integration is key. As Johnson states:

As co-op members are working to build their ventures they are also active in their communities. This is when the changes in each woman's life move beyond the co-op and into the community. Other residents begin to see the

⁵⁵ Johnson, *Poor Women, Work, and Community Development*.

co-op members as doing something worthwhile; they want to follow their example.

To these ends, building confidence in the program participants, as individuals in solidarity with others, is fundamental, since CEW's goal is to move beyond the creation of successful cooperatives to leadership and community organizing. For example, in 1999, CEW created an Associate Membership to focus on social change goals. The Associate Members would be first in line as the initiators of new co-ops and to become members of existing co-ops. Associate Members would also be provided with access to the legal assistance and referrals that CEW provides to its members.⁵⁶

Thus, the combination of solidarity and critical analysis reflects CEW's understanding of the obstacles poor and disadvantaged women face in securing stable lives for themselves, their families and their communities. Thus, unlike either CEI or the UWC, CEW seeks to facilitate a shift in consciousness of the co-op members, the board members, staff and the community-based organizations with which CEW works, from seeing women's poverty as a result of each women's lack of initiative, to understanding poverty as caused by structural discrimination and disadvantage. Johnson succinctly articulates this by commenting on the importance of building confidence and a sense of efficacy that extends from individuals into their communities:

[The co-op members] begin serving on community boards and committees at their children's schools. Co-op members become a source of support for each other as well. They recognize that the crises in their lives become easier to manage with the support of other women. They become less

⁵⁶ Johnson, third interview.

dependent on social welfare agencies.⁵⁷

For CEW, this is a critical, but incomplete shift. To move beyond, CEW engages in bolstering the co-op members' critical analytical skills and their comfort with assessing their own political and economic circumstances. For example, it examines welfare reform, immigration policy and "...other issues critical to women in the cooperatives...In this way we begin to build a joint vision of social change and social justice and the cooperatives' role in bringing this vision to their communities.⁵⁸

This vision is achieved through CEW's methodology which combines skills enhancement, group building and critical analysis. Johnson stressed the importance of this combination by stating:

...folks begin to see that they're not alone, that the reason they are poor is because of what's happening in the communities and in the larger society. And they can have some impact in small ways, whether it's at their school or in their housing development...And that is a movement we encourage in folks, and it happens at their own speed.⁵⁹

Thus, they begin to engage more in their communities, as well as building community within their co-op and among co-ops. Moreover, as Johnson continued:

...they also have a sense that when their lives fall into crisis (which happens for everybody all the time), that they can call on each other....So they have a sense of themselves as subjects, powerful actors in their community. They have a sense of the group as being a support. And they begin to have a sense of themselves as having a place in their community.⁶⁰

To briefly summarize, CEW operates from the broad objective of organizing

⁵⁷ Johnson, *Poor Women, Work, and Community Development*.

⁵⁸ Johnson, *Poor Women, Work, and Community Development*.

⁵⁹ Johnson, first interview.

⁶⁰ Johnson, first interview.

poor and disadvantaged women for social transformation. This is rooted in the view that among the most significant obstacles low-income women face are dismissal, isolation and marginalization stemming from the U.S. model of development. Hope Lewis, CEW Board member sums up CEW's broad critique nicely, in stating that

... 'another development' is possible. Becky Johnson and others have written about alternative visions of development that focus on the real needs of poor women and the communities in which they live. Most poor women, including the members of Cooperative Economics for Women, do not have the time or resources to attend world conferences. Could the 'right to development' have meaning for the members of CEW?...CEW members already have begun to give meaning to this right, whether or not their efforts are recognized as such by governmental or U.N. officials. They ave defined their own development needs and goals (access to income and control over that income, reliable childcare and health care, access to education, and safety from violence and abuse). They also have recognized the importance of working together to achieve those goals as members of their communities.⁶¹

Thus, for CEW some obstacles that the co-op members face are clearly individual, such as a lack of self-esteem, little vision of themselves as capable of making change, inadequate skills in math, reading, etc., and a discomfort with their analytical abilities. At the same time, from the organization's perspective these obstacles result from broader structural gaps which require building group solidarity, women's leadership capacity and strengthening the communities in which the co-op members live.

The Urban Women's Center

Targeting women:

As I noted earlier, the UWC is primarily a social service agency that has recently taken on women's business development as its central objective. It differs,

⁶¹ Hope Lewis, "From Beijing to Chelsea: Poor Women and the Right to 'Development,'" *CEW's News 2*, no. 1 (Fall 1995): 1,5.

then from both CEI, which defines itself primarily as an economic development organization, and CEW which considers itself to be an organizing model based on women's economic cooperation and community development. Thus, the UWC's view toward targeting women stems from a social service approach to assisting low-income single mothers and displaced homemakers. From this perspective, it targets women's business development because it believes that "small business entrepreneurial activities constitute a ready opportunity for women with few technical skills who are seeking to support themselves."⁶² In this way, the UWC seeks to advance the social and economic empowerment of women.

At the same time, it has identified a particular group to target for its business development projects, in tandem with its objective of serving the low-income women in Trenton. Carol Clark clarified to me that the UWC targets a particular group of women for business development:

...because they have either bad credit or no credit, no collateral, and they can't apply for loans through the traditional methods. And it's hard for them, if they need two or three hundred dollars, or maybe even five hundred-see, that's not much of a loan.⁶³

However, some men do participate in its business development/ microenterprise assistance programs. Indeed, as I noted earlier, for the UWC, allowing men to participate is, for the organization another way to help women. Clark commented in my interview with her that "Our philosophy is that if the space is available, a man can take that seat, that it's usually after women just don't fill it...We look at it this

⁶² Urban Women's Center Project, *Project Proposal: C.E.P.P.* (Trenton, NJ: NJSFCWC, 1993). P. 16

⁶³ Carol Clark, first interview, Urban Women's Center, Executive Director (Trenton, NJ, 8/1 1994).

way: if he's a family person, we're still helping the woman in the family."⁶⁴

Mary Powell exemplifies the women served by the UWC. She lives in the neighborhood, is a certified nursing assistant, and a talented and creative seamstress. At the time that she began participating in the UWC's programs, she recalled, she was trying to get off of welfare, establish her own business, and secure health insurance. While on the one hand, she had a great deal of initiative, she found it difficult to manage on her own.

Powell is also an inventor. She has invented a "bobbin winder" that can wind up to 8 bobbins at a time. With the help of the UWC, she has "been to a lawyer and think I would make lots of money." Of course, money is an obstacle, since, as she noted "...I need to get money for the patent - \$600. I think I can do it in 3 or 4 months."⁶⁵

Ethel Harris' story also illustrates how and why the UWC recruits particular participants in its range of microenterprise assistance programs. As Highsmith recounted:

I was in the first [business training course], and that was two years ago? Three years ago?...What happened was, I was going through the Reach program...at Mercer County. And when I fell out of that course, there was a lady there by the name of Annette Orlowsky. She sent me a letter. She wrote me a letter and told me about the program, and she said she thought it would be beneficial to me...She was an instructor at [UWC]...She thought with my talents and everything, that it was meant for me. It would be a good push....The program was great. That's how Carol [Clark] and I became friends....I got a lot of encouragement, because I was going through a lot with my family, especially with the kids. And coming in every day was like an uplift everyday, because I could get away, and everybody here is so nice. So it just made my day. And it really helped me. And I didn't think I was

⁶⁴ Clark, first interview.

⁶⁵ Mary Powell, Interview, Urban Women's Center, CEPP Project (Trenton, NJ, 1/28 1995).

going to make it through, because there were a lot of days that I got up and I didn't want to come. But you know, when I thought about it, and Carol is like, 'Yeah, gotta do it'...She has been so nice. She has really pushed me....I want to have a boutique with everything - from casual dresses to formal dresses....with accessories....⁶⁶

Harris articulates how important it was that she was explicitly contacted in a way that represented a sense of hope and future. Moreover, it is clear how important her connection is to the UWC beyond the details of the training, to the sense of support and "uplift" that she received from the UWC staff. The depth of relationship built between the UWC staff and the program participants is distinctive among the three organizations. In neither CEI nor CEW is there the same sense of creating valued friends among program participants and program staff. John Davis, one of the UWC's male participants illustrates the personal connection between the staff and program participants in describing his recruitment to Project Oasis (the peer lending program) saying "Wendy and Carol just called me and asked me if I wanted to be in this group..."⁶⁷ In other words, the personal invitation from Wendy and Carol made a difference.

Obstacles to microenterprise:

Similar to both CEI and CEW, the UWC tends to see the obstacles its participants face in becoming microentrepreneurs as the product of their circumstances – they are poor, women of color, often single parents, often without adequate education to move from an idea or dream of business to a solid plan of action. However, only the UWC emphasizes "dependency" as one of the primary

⁶⁶ Ethel Harris, Interview, Urban Women's Center, CEPP, Project Oasis (Trenton, NJ, 1/28 1995).

⁶⁷ John Davis, Interview, Urban Women's Center, CEPP, Project Oasis (Trenton, NJ, 9/30 1994).

barriers that it addresses in its programs.

One of the primary obstacles that its target population confronts is a sense of hopelessness. The UWC comments on this in a grant proposal, in stating that:

Participants must have the desire to make a change in their lives. They will learn to start home-based operations which will reflect their interests, talents, and specialities. We will show them how they can take cooking into catering, sewing into dressmaking, babysitting into family day care, making arts and crafts into retailing, and more....Since their finances will be limited, they will start their businesses at home and when their businesses grow, they will have been taught how to move into commercial/retail space. The growth of their businesses is limited only by their potential and imagination.⁶⁸

Most of the program participants lack the full range of skills necessary to launch and sustain a small business. Often, they also lack a sense of themselves as capable of succeeding as a small business owner. The UWC's program explicitly addresses both sets of gaps, as Clark explained during our interview:

We have to teach them time management, money management for their own home - budgeting their money at home, self-esteem, telling them that they're worth something, they are somebody....Lots of times they just have this poor self-image and self-worth..."Can I do this? Everyone says I can't do this." And I'm like, "Why do you listen to these other people?" Because we have to tell them that hey, you are somebody, and just because it's your dream, you don't have to have other people tell you that your dream can't be fulfilled because they haven't done theirs.⁶⁹

In other words, the emphasis of the training is more personal than structural. Indeed, many of the UWC program participants do try to hold on to their dreams, against significant obstacles. Harris' story is a good illustration of both the obstacles and persistence shown by UWC's microentrepreneurs. She recollected that she

started [sewing] with Barbie dolls when I was six years old – cutting out Barbie doll clothes and paper dolls. And my great-grandmother, she had a

⁶⁸ Urban Women's Center Project, *C.E.P.P. Proposal*. P. 1

⁶⁹ Clark, first interview.

Singer sewing machine with the treadle, and I was so fascinated with that. Every Sunday, we'd visit my grandmother's house, and I would get up on the sewing machine...and my dad would say, 'Get off of there, girl! You can't play with that! You're not allowed to play on it.' And I was so fascinated with it....And when I was six years old, I just started sewing. My mom got her first sewing machine when I was seven; she never used it—I used it...My dad bought it for her to make clothes for us. There's ten of us. So he bought it for her so she could learn to sew, and she wasn't really interested in it. So I took over....And then in school, when I had sewing, my sewing teacher, she couldn't stand me! She could not stand me, because I was so advanced in sewing, everything she was trying to teach me, I already knew. So she just made me an instructor for everybody else....⁷⁰

However, as Harris' story illustrates, it is not simply a lack of dreams, or inertia that prevents the UWC's target population from initiating their own businesses or growing these businesses. In Harris' case, even talent and persistence alone had not enabled her to grow a business, without the support and training offered by the UWC.

At the same time, the UWC wavers on its position about whether the obstacles its program participants face result from a lack of individual initiative or a gap in support, training and services. In other words, most of the time, the UWC regards the obstacles it observes as based in the disadvantaged position of the low-income displaced homemakers and single mothers whom it primarily serves. And its programs are designed to fill the educational and situational gaps these women confront. So, for example, it provides classes on-site in adult basic education through agreements with the Mercer County Community College and the Trenton Public Library. In addition, it notes in a grant proposal, "participants will be able to attend other comprehensive programs affiliated with the in-house services...."⁷¹

⁷⁰ Harris, Interview.

⁷¹ Urban Women's Center Project, *C.E.P.P. Proposal*. P. 11

The majority of the UWC's program participants receive some form of public assistance. Often, as noted above in the discussion about both CEI and CEW, being reliant on welfare is itself an obstacle. Highsmith spoke about the importance of the UWC in her life, stating that:

I'm dependent right now [on welfare], mostly medical....It's not working for me, as far as getting out and doing my business now. It is going to take a lot...Because my girls are still young, and I have teenage moms at home, so I have to be there for them. It's hard, it's hard. [But] I'm a lot more serious about it now than I was. Before, I know I wanted it. But I wasn't really...I would do little things, but I wasn't really motivated. I'm a lot more motivated now...I'm here [at UWC] just about every day...They buy things from me.⁷²

For the UWC, like CEW, isolation and hopelessness are key obstacles to be addressed in programming. Unlike CEW, however, the UWC refers to this, on occasion, as a form of "dependency" of its clientele, that its programs attempt to dismantle. So, while on the one hand, its programming focuses on building skills and capacity, it also creates mechanisms for support. This contrasts sharply with CEW, where isolation and hopelessness are seen as structural obstacles to be addressed by group solidarity and community change.

The formal lending system also presents barriers to UWC program participants, much as was observed by CEI. Clark emphasized the significant role that a very small loan can play, commenting:

...for them, [a small loan] is a lot....Like one woman who does catering, \$500 can buy an awful lot of equipment for her to continue cooking at home and her baking and buying ingredients to make money. Because right now, she has to take deposits to make things, and sell to get the balance, and if the person cancels, she's at a loss. That's one of the reasons why we want the micro-incubation center, is that they can make business cards, come and

⁷² Harris, interview.

make business cards.⁷³

As Clark makes clear, the women with whom the UWC works lack access to the most common sources of start up capital: family, friends, credit cards, personal loans. This understanding of obstacles is the main premise behind Project Oasis, the peer lending project. The UWC explains this in its Project Oasis grant proposal by noting that “the key factor inhibiting the entrepreneurial development of the client is the lack of access to capital....Our participants will learn that the process of obtaining and managing credit will enable them to develop important business management skills.”⁷⁴ Thus, the UWC, like CEI and CEW regard building technical capacity, business skills and self-esteem as key elements of its program goals. However, in the case of the UWC, this is presented in a particularly individualistic form, emphasizing the project as one of personal development, rather than solidarity (in the case of CEW) or the redirection of resources and training (as with CEI).

Time is also an obstacle, particularly with the potential participants who are working, and therefore are unable to attend the day time classes. As a result, the UWC has constructed a flexible business training course that makes it more available for students to match with their personal and work responsibilities. Time also presents barriers in a larger sense: the time needed by the participants make lasting changes. As Clark expressed in our interview:

I feel the majority of participants will be successful, but we're looking at time. Okay, we're looking at finding the time to do it, and that's because there are a lot of things that we have to reinforce, a lot of things that we have to undo,

⁷³ Clark, first interview.

⁷⁴ Urban Women's Center Project, *Project Proposal: Project Oasis* (Trenton, NJ: NJSFCWC, 1994). p. 2

a lot of self-esteem, awareness.⁷⁵

She continued by noting the confluence of barriers faced by the women served by the UWC requires sustained and sensitive attention:

We have to re-educate our women. We have to build them up, because a lot of them haven't had that support...they haven't had someone who told them they are somebody, they're worth something, they're good people, and they are talented....To you and I, it's no big deal [to get your driver's license]. We know you go out and get the book, you study, take the test, take the road test....It's not, for them. We have to tell them, give us a time frame—by what date are you going to get the book? By what date are you going to study to take the test? How long is it going to take? When are you taking your written test? After you take your written test, when are you going to take the [road] test? Who's going to teach you?⁷⁶

Analysis of obstacles/gender differences:

As it scans the environment in which it works, the UWC tends to assess the obstacles faced by its clients as internal and external. Externally, and programmatically, it sees its work as cutting edge. As Clark described, with Project Oasis, the peer lending project:

...the problem...is it's a little bit too radical for these traditional-minded people. And another thing is, it comes from a woman. I have to tell you....They have good intentions, but it's hard to accept changes, when they're used to doing things in a certain way, and then when the person who is being very pushy about it just happens to be a woman who wants to see changes...But I'm lucky, because the person I'm working with from the city is very open-minded. It's just that we have to change other people - the conservative, traditional people.⁷⁷

And indeed, the notion of peer lending is still new in the U.S., as is a commitment to lending to the poor to initiate their own microenterprises.

⁷⁵ Carol Clark, second interview, Urban Women's Center, Executive Director (Trenton, NJ, 9/30 1994).

⁷⁶ Clark, second interview.

⁷⁷ Clark, first interview.

Internally, the UWC's analysis of obstacles leads them to a sense both of respect and criticism of its clientele. On the one hand, it accepts an analysis of a "cycle of dependency" which it attempts to address by showing program participants that they can, indeed, take control of their lives. Clark stressed this to me, noting:

We tell them we're going to break the cycle of dependency—of emotion and psychological dependency they have on being taken care of. You do it on your own. You don't need someone to take care of you. You don't need the system to take care of you. And if the question comes up, 'About my welfare—I'm out making this money. How does that affect my grant?' I tell them this: 'I'm here to teach you...I'm not here to spy on you, I'm not here to report you to welfare. That's up to you. You have to make that determination. I can't tell you what to do'⁷⁸

As a result of this orientation, the program model is deep rather than broad. In other words, it concentrates on intensive interaction with the program participants, taking them through the process step-by-step. In contrast, CEW builds slightly less intensive relationships with program participants, although, like the UWC, it does expect to create a long-term connection. CEI's connection to its participants is much less deep, although its lending and technical assistance reaches the broadest population.

Thus, true to the UWC's social welfare origins, it seeks to establish a long term relationship with its participants, as is clear from the way that it built the peer lending and micro incubator projects based on the needs it observed in the participants of the business training course. This is clearly stated in its grant proposal:

Our participants tend to have fairly strong skills related to their products or services, but because of their histories, lack the personal and technical skills necessary to become entrepreneurs. To reach our clients, this program will

⁷⁸ Clark, second interview.

teach the three elements as one interconnected whole, using the practical context of actually developing businesses as the central educational vehicle. Our participants will gain confidence in the market place as they become informed. They will make choices, work through problems, make mistakes, and realize successes.⁷⁹

At the same time, its analysis extends to a critique of the system in which its clients operate. From the UWC's perspective, far too often the welfare system is itself the barrier to women's microenterprise success. As Clark notes:

...they're not making any \$10,000 in their businesses, but yet welfare doesn't want them to have \$1 more than they feel they're entitled to. Now, they're subtracting the monies from them, so that's not really giving them any incentive to want to make a change in their lives. It's still creating that cycle of dependency....⁸⁰

Thus, in the UWC's view the welfare system and a context of disadvantage tends to keep the UWC's clients dependent, instead of providing them with the means to enter the mainstream economy. In contrast, the UWC attempts to help program participants become independent. This independence, Clark observed, can be based on women's existing activities, since "women are babysitting in their homes who are on welfare, making extra money. Women are working off the books, and men too. Give them a cap. Say they can make \$500 a month. I mean, you're weaning them off of welfare eventually. That's the idea, isn't it?"⁸¹

Like CEW, the UWC regards the isolation of its clients as stemming, in part, from individualist perspectives. Or, as Clark put it, "[People here are] too individual. And that's the problem I know I'm running against. People here in this country, it's

⁷⁹ Urban Women's Center Project, *Project Oasis Proposal*. P. 1

⁸⁰ Clark, second interview.

⁸¹ Clark, second interview.

the 'me,' for the betterment of 'me....' And I'm going to tell them that what this is, you have to be able to work with people and learn from other people."⁸² For Clark, this individualism is in specific contrast to the way that programs operate in the developing world. Or, as she commented in my interview with her "When we're dealing with Third World countries and the developing countries, they have more a sense of community, more group. And they think more out of the community perspective than we do here...."⁸³

Briefly summarizing, the UWC's perspective on the barriers to women's economic opportunities stems from a primarily social service orientation, but one that recognizes the importance of economic and social development for women. It sums up this perspective in its Community Employment Progress Program (CEPP - the UWC's business development course) grant proposal, by stating:

By being based in their own neighborhoods, they will be able to market their personal services or products to their communities. In many cases they will use little cash to invest while as urban minority female entrepreneurs, they are in an excellent position to take advantage of the still considerable cash flow into and out of inner city areas.⁸⁴

On the one hand, it regards a "cycle of dependency" as a primary obstacle to overcome in its programming. On the other hand, for the UWC, breaking the cycle of dependency provides its program participants with the opportunity to pursue their goals.

⁸² Clark, second interview.

⁸³ Clark, second interview.

⁸⁴ Urban Women's Center Project, *C.E.P.P. Proposal*. P. 16

III. Sustainability

As I suggest earlier, each organization's views on *sustainability* provide a window into the philosophy upon which the programs are built. I concentrate on two dimensions of *sustainability* which arise from its analysis and practice of *gender sensitivity*. First, I look at how each organization balances its economic goals and its social goals to achieve a viable and coherent organization in which assisting women is at the core of its mission. Second, I examine how the organizations negotiate a concern for assisting individual low-income women with sustaining an impact at a broader community level. In the following section, I assess each organization's attention to *sustainability* along these two dimensions, illustrating both the breadth and depth of its programs.

Coastal Enterprises Inc.

Balancing Economic and Social Goals:

Of the three organization I examined, CEI is the largest and most financially self-sufficient. Its funding comes from private foundations, church funding organizations, state and federal government sources, and other sources including banks, corporate foundations and private individuals. Thus, it has built strong links to state and federal government agencies and to local financial institutions. However, while it has some capacity for self-sufficiency, it does not charge for business assistance services, since these are funded through grants and many funders prohibit the charging of fees.

Of the three organizations, CEI has the most consistent source of generating funds internally, primarily through its loan funds. CEI produces income from its own

loan funds. In addition, it has creatively collaborated with government agencies and banks. While all three organizations emphasize the importance of working with other organizations, CEI has developed the most extensive partnership with banks and other local lenders. For example CEI has been working with five banks in Maine to support the provision of technical and financial assistance for small businesses and self-employed individuals.⁸⁵ Through such collaborations, CEI is able to both assist a significant number of individual entrepreneurs, at the same time that it addresses some of its broader social concerns. These include creating greater gender sensitivity among potential lenders and business counselors, and providing more extensive training and personal support through joint endeavors such as Project JUMP and Project SOAR.

Sustainable outcomes, for CEI, can be considered from two vantage points: first the work it does to influence the policies and practices of economic development; and second, the ways in which it understands and measures the impact of its programs on the people it serves. In the first case, CEI is engaged in a wide range of collaborative endeavors, both with other non-profit organizations (as in the case of Project JUMP and Project SOAR), as well as with banks and governmental agencies. For example, CEI engages in loan guarantees with banks, and works with banks to graduate CEI clients to formal lending institutions. It specifically engages in collaborations with a wide range of other organizations, such as the Maine Displaced Homemakers Program, other Small Business Development Centers and sub-centers, Service Corps of Retired Executives (SCORE), Small

⁸⁵ CEI, *The Enterprise Development Fund*.

Business Administration, Finance Authority of Maine, banks, regional economic development organizations, Women's Business Development Corporation, Maine Job Start Program, professional or industrial associations. Describing one such endeavor in its annual report, CEI notes that:

Building on our history of financing and technical support for businesses, CEI is reaching out to municipalities and groups of local and state government agencies to offer our help in local development initiatives. We are establishing or expanding our office presence in several regions to better target CEI's products, services, and commitment to local development needs. We plan to do more by establishing county-based development funds....as mechanisms for long-term fund-raising and community development in these regions."⁸⁶

In these ways, CEI attempts to broaden the impact of its lending and to operationalize its commitment to reaching social goals through economic development means.

In another example, as I have described earlier, Project JUMP had been constructed in collaboration with York County Jobs Training Office (job training), Maine Displaced Homemakers (workforce literacy and self-employment workshops), and the Maine Dept. of Human Services/ASPIRE program (welfare initiative). More generally, staff from CEI are actively involved in a wide range of statewide and national organizations, such as the statewide Maine Human Resource Development Council, the Maine Women's Lobby and the Women's Development Institute; nationally, staff sit on the boards of the Association for Enterprise Opportunity, the National Congress for Community Economic Development, among others. It also engages in some lobbying at the national level. Golden explained that:

⁸⁶ CEI, *Creating Opportunities for Maine People: 1993 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1993). P. 3

...we see it as part of our role – interfacing with organizations that can move CEI's agenda forward. And we often find that women's groups don't know much about economic development. We worked on a regional institution on women's economic development two years ago with Maine Displaced Homemakers.⁸⁷

As Golden makes clear, CEI publicly articulates the importance of staff involvement with statewide and national public/private organizations as part of its mission. As it notes in its annual report "CEI can contribute to the broader social and policy development work essential to shaping effective economic development strategies...."⁸⁸ As part of this commitment, in 1995 CEI began providing advice and assistance to business development endeavors outside the U.S. , for example in Hungary and South Africa. In 1997, this was formalized as CEI Development Services, in which CEI hosts and trains development practitioners from around the world, and engages in on-going work in Central and Eastern Europe.⁸⁹

Negotiating Individual Advancement and Community Development:

A broad view of the relationship between economic and social development underpins CEI attempts to assist individuals while facilitating community development. From an organizational perspective, CEI measures its impact in terms of businesses financed and assisted, and within this, a breakdown of who receives its assistance. For example, in a 1993 proposal to the Charles Stewart Mott Foundation, it reported that 213 business had been financed through

⁸⁷ Ellen Golden, third interview, Microenterprise and Women's Business Development, Senior Program Officer, Coastal Enterprises Inc. (Wiscasset, ME, 3/23 1993).

⁸⁸ CEI, *1993 Annual Report*. P. 14

⁸⁹ CEI, *Creating Opportunities for Maine People: 1998 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1998). P. 18.

microenterprise lending activities, 4 were minority, 134 were women and 170 were low-income. Seven percent of borrowers graduated to bank financing in 1992; 7% of loans are guarantees of bank loans; 46% of borrowers have a relationship with a financial institution.⁹⁰ Between 1986 and 1996, CEI provided \$6 million in financing to 250 women entrepreneurs, as well as training and technical assistance to an additional 4000 new and existing women business owners.⁹¹ By 1999, \$3.25 million in loans had been packaged to women with CEI's assistance.⁹² More broadly, it bases its lending on

..a 'Statement of Principles,' in which economic development is defined as a process that increasingly expands the equitable participation of people and communities in basic necessities and in the decision-making process to sustain meaningful life. Economic development is a means to a social end, not an end in itself.⁹³

The extensive collaborations in which CEI participates allows them to reach significant numbers, while facilitating the provision of intensive training and support. For example, in the two years of operation of Project SOAR (as of 1993) 55 recipients of government welfare subsidies in Androscoggin County had participated in the education and training activities of the project, and twenty new participants were expected to enter in 1994.⁹⁴ Several of the SOAR participants created

⁹⁰ CEI, *Grant Proposal to the Mott Foundation* (Wiscasset, ME: Coastal Enterprises Inc., 1993).

⁹¹ CEI, *Creating Opportunities for Maine People: 1996 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1996). P. 17.

⁹² Golden, fourth interview.

⁹³ CEI, *1993 Annual Report*. P. 3

⁹⁴ CEI, *1993 Annual Report*. p. 6

sustainable microenterprises.⁹⁵ By the project's end in 1997, 70 participants had been served. Fifty-two had reached economic self-sufficiency.⁹⁶

With regard to the impact of CEI's services on its clients, *sustainability*, for the most part, is measured in individual terms. For example, Lisa Martin described the impact of SOAR by emphasizing the key role of "empowerment," which, according to Martin is evident in "physical appearance (and caseworkers have even commented on this), lifestyle changes, relationships. It helps the participants make their lives better. They get lots of support and financial assistance to get off of AFDC. Self-esteem and assertiveness is crucial."⁹⁷ At the same time, a number of the CEI staff articulated an ambivalence toward the program, commenting that "Success is exceptional. The lesson from SOAR is that having the project as a support system does enhance the likelihood of success."⁹⁸ The majority of SOAR participants have been successful, but more so in the targeted employment (which focuses on training and then placing participants in particular jobs, which will provide them with on-the-job training), than in the self-employment track. As Martin commented, "Self-employment is lengthier, not as secure, not the same results."⁹⁹

In a significant sense, CEI consistently engages in an attempt to link the

⁹⁵Some of the businesses started by SOAR participants include: two bottle redemption centers; a candy baking and retail sales booth; a home cleaning business that uses only "green" products; and quilting, among others.

⁹⁶ CEI, *Celebrating 20 Years of Creating Opportunities for Maine People: 1997 Annual Report* (Wiscasset, ME: Coastal Enterprises Inc., 1997). P. 11

⁹⁷ Martin, Interview.

⁹⁸ Meek, Interview.

⁹⁹ Martin, Interview.

impact of its assistance on individuals to the social impact of this assistance, as is evident in its “social impact criteria.” As Golden explained:

This is always balanced. For example, in looking at social impact, the questions include the income of the owner, the gender of the owner, their access to commercial credit, the jobs creation potential, the community development impact, and whether there is a strategic impact – i.e. whether the business will serve other businesses.¹⁰⁰

To summarize briefly, CEI's focus is primarily on individual lending. At the same time, it bases its programming on the principle that economic development should serve the social ends of creating the opportunity for people with low incomes to have an adequate and equitable standard of living, learning and working. In its efforts to balance economic and social goals as well as to construct its programs in a way that both assists individuals while effecting community development, CEI engages in extensive collaborative partnerships. Thus, its attempt to expand the equitable participation of people and communities¹⁰¹ is substantially achieved by targeting some programs specifically to women, by integrating a gender analysis into all its programming, and by constructing strong and successful partnerships that allow for an impact that can be both broad and deep. In other words, its programming can be focused, but its impact has the potential to extend more widely.

Cooperative Economics for Women

Balancing Economic and Social Goals:

CEW is financially dependent on foundation grants and individual

¹⁰⁰ Golden, first interview.

¹⁰¹ CEI, 1993 *Annual Report*. P. 3

contributions. It works with five worker cooperatives only. The sustainability of the organization is created through partnerships with other community-based organizations as well as charging fees for service with other organizations interested in pursuing CEW's cooperative model. A core philosophical component of Cooperative Economics for Women is a challenge to the construction of a definition of development that separates economic and social goals. Indeed, contestation of conventional development practices is manifested in its perspective on women's small-scale market activity. In this regard, Johnson explains:

...women all over the world have always participated in small scale market activity. Not so much with the intention of generating profit, but more with an eye to feeding children and keeping a roof over the family. This small scale activity works best in healthy local economies, where there is some circulation of currency, a mix of income generating opportunities within the community, and selling facilities are reasonably close by. These activities involve risk and management and in that way can be called entrepreneurial.... Their existence depends on a relatively decentralized and non-bureaucratic economy¹⁰²

In other words, for CEW "entrepreneurship" is not the appropriate model for the low-income and disadvantaged women with whom CEW organizes, given the general lack of healthy local economies in which most of the CEW co-op members live. For the co-op members, a model that melds individual capacity building with community development offers a more sustainable alternative.

Social goals, for CEW, are always central but not contradictory to the economic objective of generating income for the co-op members. However, this is placed within the larger goal of creating greater opportunities for women to control their own assets and to take leadership to revitalize their communities. Indeed,

¹⁰² Johnson, "From the Lead Organizer.." P. 2

economic and social goals are integrated through a perspective that seeks to empower the co-op participants. For example, in my interview with her, Johnson explained the financial relationship between CEW and the co-ops, by noting that:

We subsidize the practice work for a certain number of hours, so if it's catering we know they're going to lose money on their first three jobs. If it's sewing, depending on the nature of the sewing project, they could lose money for a while. We anticipate that, subsidize them, as they gain skills working together.¹⁰³

In other words, CEW directs significant financial resources toward building sustainable cooperative enterprises, even anticipating a learning process in which money may be lost for a period. Or, as one member of the Abbai Catering Cooperative described to me, "CEW gave us [Abbai] a loan so that we could lose money at Wally's [jazz club] at first."¹⁰⁴

At the same time, it set an economic goal for generated income at a level it considers to be sustainable for the co-op members. "We go for a base of \$10, equivalent economic benefit to the women," Johnson explained to me. She continued by noting that "We put it that way [equivalent economic benefit] because we can't pay people money, given their welfare status."¹⁰⁵

One of the central goals of CEW's efforts is to build a strong organization which is significantly controlled by co-op members. Indeed, co-op members hold 33% of the board seats, committee seats and leadership of governance

¹⁰³ Johnson, first interview.

¹⁰⁴ Mariana Haufa, Interview, Abbai Ethiopian Women's Catering Coop, Cooperative Economics for Women (Boston, MA, 25/6 1995).

¹⁰⁵ Rebecca Johnson, second interview (Lead Organizer, Cooperative Economics for Women, 1/28 1995).

structures.¹⁰⁶ In this sense, the social goal of strengthening the leadership capacity of the co-op members is integrated into the organizational structure, even while such activities also bolster the income generating potential of each cooperative. In this way, CEW is distinguished from both CEI and the UWC. Neither CEI nor the UWC extensively incorporates program participants into the management and decision making structures of the organization.

CEW's curriculum also merges economic and social goals. Building the personal capacity of the co-op members is consistently paired with creating a strong and solid group. For example, each co-op works with a facilitator who deals with group dynamics and group support issues, and a venture manager, someone who knows the particular field of work of the co-op and can help with marketing, technical assistance etc. One of the challenges CEW faces is moving beyond traditional women's industries. Its most successful projects build on traditional women's skills – cleaning and sewing. Recently, it has begun exploring new possibilities which build on the skills low-income women have, but move them into more lucrative sectors. Thus, in 1999, it began conducting research into bulk mail and order fulfillment. It hopes to initiate co-ops in this area in the near future.¹⁰⁷

Rather than considering economic and social goals to be in tension, CEW's methodology reframes the debate along the lines of economic cooperation. Johnson describes this alternative approach in the context of CEW's program evaluation, noting:

¹⁰⁶ CEW, *CEW Proposal for Funding*. P. 6

¹⁰⁷ Johnson, third interview.

The focus of our practice has been the use of economic cooperation as a primary tool and the belief that we should and can respond with our members to the needs, issues, problems identified by our members. This first phase of our process has been focus groups with members, donors, volunteers, community sponsors and partners. The next phase will be a broad environmental scan. We will research the current political and social environment CEW is operating in and where we might be five years from now. Finally, we will look at day to day operations of the cooperatives, welfare organizing and the main office to determine strengths, weaknesses and areas of improvement....Initial results show great support for our vision, beliefs and choice of economic cooperation as a tool."¹⁰⁸

Negotiating Individual Advancement and Community Development:

For CEW, the most sustainable means of supporting individuals is by combating women's isolation and constructing group solidarity and community engagement. In stressing the importance of group solidarity, CEW differs from the UWC and CEI. CEW's curriculum is explicitly designed to undo the damage that, in its view, conventional development practices engender. Johnson described the interlinking of individual self-confidence building, group solidarity and community development in its process in my interview with her. She recounted that:

Initially I thought of it as a three-phase curriculum, but it's really a two phase curriculum. The first phase was an internal curriculum that takes twelve weeks. And that would be done in partnership with the community sponsors, so we'd have someone who knew the neighborhood, at least and could help with contacting women and provide meeting space and one of several other things: childcare, translation, and snacks...¹⁰⁹

In other words, the curriculum is firmly situated in a particular community, and the support of the community-based organization that sponsors a co-op is a mainstay of the methodology. Moreover, the decision about what cooperative businesses to take on is also contextualized within the cooperative members' own communities.

¹⁰⁸ CEW, "CEW's Evaluation," *CEW's News* 3, no. 2 (Fall 1997): 3-4.

¹⁰⁹ Johnson, first interview.

As Johnson explained to me:

As they make the transition from phase one to phase two, there is a retreat where...we [do] a skill assessment and we've come up with three ventures that fit people's skills. And we've done a community needs assessment to see what the community will buy, so it's sort of a combination marketing survey and like field trips too, so people can see how similar ventures operate, because most of our folks have never seen anything like this....So the retreat is heavily focused on marketing and solidifying an initial work plan for doing what we call 'practice work.'¹¹⁰

As Johnson's position illustrates, from the outset, community organizing has formed a core element of CEW's methodology. Unlike either CEI or the UWC, CEW uses community organizing techniques in both its outreach and its on-going programmatic work. Thus, it engages in leafleting, door knocking, visiting over tea, and attending tenant and community meetings in order to solicit potential co-op members.¹¹¹ In contrast, the UWC and CEI expect clients to find them.

CEW's organizational process and its methodology is rooted in a community development process. While it emphasizes the importance of leadership and group solidarity, individual co-op members also receive support for overcoming the obstacles it considers to be significant as individuals. Such a process, Lubarr explained, stems from the experience of each co-op member. Lubarr noted in our interview:

But they're just like all of a sudden very determined if they see that is a block for them, that they need more writing skills, that they need more language skills....I think that's one of the changes that has really turned for people through participation in the co-ops. They've just gotten more confident about themselves...I mean, they don't actually say it like this, but sort of it's this attitude like, 'Yeah, I can do stuff. And now I need to do this, and I'm going

¹¹⁰ Johnson, first interview.

¹¹¹ CEW, *CEW Proposal for Funding*. P. 5.

to go out there and do it”¹¹²

And indeed, co-op members do seem to move from their participation in the co-op and the organization, to broader community participation. Johnson recalled that

They started doing these things in their communities. And I think that is directly related to the economic literacy and sort of ongoing political and social analysis that goes with our process – folks begin to see that they’re not along....And if they can have some impact in small ways, whether it’s at their school or in their housing development....And that is a movement we encourage in folks, and it happens at their own speed.¹¹³

Splash of Color Catering and Event Service members, in fact, became key participants in a local community economic development coalition. As Johnson comments, “they’ve gone door-to-door doing community-needs assessments; they’re doing childcare surveys now; they’re doing all those things because they have a sense of themselves as being in the community.”¹¹⁴

Sustainability, for CEW, then rests on three factors: the increased skills and capacity of the co-ops, both as individual members and as a group; the growing independence and success of each co-op in their business endeavors; and the broader impact of the co-ops on other women in their communities. And, indeed, a number of the co-ops are taking on more jobs. As I noted earlier, Morabeza Sewing and Cleaning Community became fully worker-owned (independent from CEW) in 1997. Abbai Ethiopian Women’s Catering Cooperative serves lunch at Wally’s Café, a well-known Boston jazz club, four days a week, in addition to having growing number of other, private catering jobs. In fact the workload for most of the

¹¹² Lubarr, Interview.

¹¹³ Johnson, first interview.

¹¹⁴ Johnson, first interview.

cooperatives has required that they train standby workers in addition to taking on new members to accommodate growing customer interest.¹¹⁵

CEW stresses the importance of expanding the leadership capacity of the co-op members, at the same time that it emphasizes the importance of learning on the part of the staff, volunteers, the board of directors and community sponsoring agencies. In this sense, CEW's influence extends broadly, beyond the individual cooperative members, at the same time that it has a depth of impact on the co-op members themselves. Johnson described the envisioned interrelationship between individual advancement and community development succinctly by commenting:

As co-op members are working to build their ventures they are also active in their communities. This is when the changes in each woman's life move beyond the co-op and into the community. Other residents begin to see the co-op members as doing something worthwhile; they want to follow their example....They also feel confident enough to involve themselves in other community efforts. They begin serving on community boards and committees at their children's schools. Co-op members become a source of support for each other as well. They recognize that the crises in their lives become easier to manage with the support of other women.¹¹⁶

While CEW's methodology and analysis differ substantially from CEI, it has a similar breadth and depth of impact. Its target is quite narrow – five worker-cooperatives. CEW's impact, however, extends beyond the worker co-ops because of its commitment to operating in collaboration with community-based organizations, and encouraging the co-op members to take leadership in community efforts. While the economic goal of worker-ownership of the cooperatives independent of the organization, this is often articulated as secondary to the social goal of building

¹¹⁵ CEW, "CEW is 1!" *CEW's News: The Newsletter of Cooperative Economics for Women* 1, no. 3 (Summer 1995 1995): 1, 4. P. 4

¹¹⁶ Johnson, *Poor Women, Work, and Community Development*. P. 5.

group solidarity and women's leadership capacity. At the same time, as is evident from the increasing business opportunities each of the co-ops is experiencing, the economic goal of increasing women's control over assets is being met. Furthermore, the goals are met in a context in which the individual co-op members build their own capacity, while increasingly engaging in community development.

Urban Women's Center

Balancing Economic and Social Goals:

The Urban Women's Center primary concern is to build women's economic and social development. For the UWC, this is understood as breaking women's dependency on governmental welfare subsidies through facilitating the UWC's program participants' opportunities for self-employment. Indeed, even its definition of programmatic self-sufficiency is defined primarily in social, rather than economic terms. For example, as Clark told me:

Eventually, I want all the programs to be, especially the micro incubator and the peer lending, to be self-sufficient....They would run themselves...the participants have bought into it, so that they will have fundraisers and they will know the fundraiser is for the good of all of you...Like with the microloan program, it will have some sort of fundraiser so that they money will be given back into the organization so other people that will come behind them will have the same chance they had.¹¹⁷

In other words, unlike the methodology of CEW, the UWC articulates less of a concern educating or organizing with a wider community, and more with instilling a sense of responsibility in the program participants. And unlike CEI, the UWC focuses less on the social impact of the businesses initiated by program participants and more on the impact of participation on its clients. In other words, it is primarily

¹¹⁷ Clark, second interview.

concerned with having an impact that is deep rather than broad.

This is further manifested in its attempt to construct its programs in a manner that addresses the full life circumstances of the program participants. For example, the CEPP business development course is structured to build the participants' life skills and coping capacity as well as their business skills. Its "comprehensive business assistance program" therefore combines personal development, business planning and lending. Unlike CEI, the UWC incorporates few "social impact criteria" in its business assistance, beyond the impact of the training on the UWC's target populations of women who are on public assistance and who are primarily single heads of households. At the same time, unlike CEI or CEW, its programs are designed to address the individual social context of the program participants by assisting the full individual. They implement this by helping them to "cope with the stresses of business and with their personal problems," including by providing workshops in personal and family life, basic skills, as well as business management.¹¹⁸

At the same time, the UWC does attempt to provide economic opportunities beyond its primary target group. Since its programs are quite popular (its courses are generally fully enrolled), it have added evening classes "for working people who want to change careers, free of charge."¹¹⁹ Here, however, its concern is primarily an educational one, or as it explains in its grant proposal, "Once people have taken our course, they realize the amount of dedication and commitment needed to run

¹¹⁸ Urban Women's Center Project, *Project Oasis Proposal*. P. 4.

¹¹⁹ Urban Women's Center Project, *Project Oasis Proposal*. P. 5.

their own businesses."¹²⁰ In other words, for the UWC, the economic disadvantage of its target population is primarily addressed through a program that concentrates on providing social and educational services.

Negotiating Individual Advancement and Community Development:

Not surprisingly, given the above discussion, the UWC focuses far more on individual advancement than on community development. The primacy of the individual is evident even in peer lending. Unlike CEW, for which building group solidarity underpins the group work, the purpose of peer lending for the UWC is both to build a sense of responsibility and to "enhance the personal development and effectiveness" of its participants.¹²¹ Sustainability, in this sense, rests on building individual capacity and initiative. Peer support, for the UWC, facilitates this process. This is further articulated through its use of a "stepping" model of microlending. As the UWC explains in its Project Oasis grant proposal:

...the stepping approach...allows borrowers to begin with a very small loan with short terms and see the loan amount increase and terms get longer as they develop successful payment histories. This program can directly help individuals who are already in business but who can increase their sales and income through access to credit or start up business loans.¹²²

In other words, its emphasis is on creating resources for individual business success, rather than extending opportunities for a wider community. In this sense, the UWC articulates far more of an individualistic focus than CEI, even though CEI's program is focused on individual lending.

¹²⁰ Urban Women's Center Project, *Project Oasis Proposal*. P. 5.

¹²¹ Urban Women's Center Project, *Project Oasis Proposal*. P. 2.

¹²² Urban Women's Center Project, *Project Oasis Proposal*. P. 2.

The emphasis on individual advancement over community development extends to the participation of outside agencies and community organizations as collaborating partners. For example, the UWC stresses the improvement of its services as the reason for networking with social service and community-based organizations.¹²³ This is slightly mitigated by its specification that economic growth may be one of a number of outcomes of collaboration. For example, in discussing the role of mentors in the CEPP project, the UWC claims in its project proposal that:

Individual participants or groups will be 'mentored' in a partnership among commercial organizations. The mentors will come from targeted industry segments within the Mercer County region. They will serve as role models to demonstrate their functions within their firms and in their roles in society. They will show how to develop or utilize new technologies to be competitive, how they create jobs or new businesses, and how to contribute to economic growth within the community.¹²⁴

Thus, while "outsiders" are brought in to the process to assist the process of capacity building for the program participants, community development is framed as an offshoot of this process, rather than one of the central goals. Moreover, and in contrast to CEW, the direction of impact between the mentors and the program participants is articulated as a unidirectional process. In other words, it is the program participants who are presumed to be changed by, and to benefit from, their relationship with mentors. Change on the part of the mentors is not considered as an element to be articulated.

At the same time, the learning process is not entirely one way. The organization itself is committed to learning and changing based on feedback from

¹²³ Urban Women's Center Project, *C.E.P.P. Proposal*. P. 11.

¹²⁴ Urban Women's Center Project, *C.E.P.P. Proposal*. P. 11.

the program participants – both from participants’ successes and their failures. In the first place, the very formulation of the comprehensive business development model was based on the organization’s recognition that resume-writing and job readiness training were insufficient to achieving the organization’s goals of breaking its target population’s dependency on governmental assistance. Moreover, the model itself has been revised, because, as Clark explained, “we listened to what the participants wanted, and as appropriate, we made changes. That’s why we offered the computer training. Even if they don’t start their own business at this time, with the computer training, they have enough training to go out and get an entry-level job.”¹²⁵

Having said this, it is important to note that the goals of the UWC’s programs are not solely individualistic. Creating and sustaining an organization which provides a depth of programming to enable low-income women start their own businesses illustrates that such an endeavor is worthwhile and achievable. Moreover, articulating the philosophy that low-income single mothers can, and should, have the opportunity to pursue their dreams, confounds a more punitive position, frequently articulated in current discussions about social welfare policy, on “welfare dependency.”

However, to a certain extent less than either CEI or CEW, the UWC’s programming has more depth than breadth. In other words, while it may achieve its social goals of building the capacity and self-esteem of its program participants, the impact does not, for the most part, extend beyond the participants into their

¹²⁵ Clark, first interview.

community. Indeed, while the UWC's program is based more on an educational/social service model than either CEI or CEW, its perspective is the most individualistic.

IV. Conclusion

In this section, I have looked at how Coastal Enterprises Inc., Cooperative Economics for Women and the Urban Women's Center operationalize their commitment to helping women microentrepreneurs through an assessment of each organization's *gender sensitivity* and *sustainability*. I have evaluated *gender sensitivity* by looking at how each organization defines its targeting of women, how it views the primary obstacles faced by women microentrepreneurs, and how it analyzes these obstacles.

Further, I argue that a core element of how *gender sensitivity* is operationalized is through each organization's attempt to grapple with key elements of *sustainability*: how it balances economic and social goals, and how it negotiates between a commitment to helping individuals advance, and supporting community development. I posed this as the "conundrum of sustainability." However, in reviewing and comparing the three organizations, it appears that neither economic and social goals, nor individual and community development are mutually exclusive. In other words, to a certain extent, each organization attempts to address both economic and social goals, individual advancement and community development.

For CEI, both *gender sensitivity* and *sustainability* are integrated into the organization's purpose. Sustainability, in a broad sense, is integral to CEI's mission,

as it seeks to create just and sustainable economic opportunities for low-income and disadvantaged groups in Maine. In a more specific sense, a concern with organizational sustainability, and sustainable outcomes is manifested in CEI's emphasis on working with local partners, engaging in training of trainers, and facilitating the financing process between potential borrowers and formal financial institutions. Gender sensitivity is also a central aspect of CEI's work. This occurs both within the organization, for example, with its emphasis on analyzing and developing programs to address the particular needs of female business owners, as these vary from the needs of male business owners, and internally by committing to gender balance in staffing and programming.

Sustainability in CEW's view, is equated with control of income and community participation. *Gender sensitivity* is reflected in a perspective that addresses the particular and self-defined needs of poor and disadvantaged women as it works in collaboration with other women. This contrasts with both the UWC and CEI, both of which emphasize a concern for women's empowerment, but do not integrate a structural critique of "development" or the "economy" into its programming. CEW's analysis of gender includes a focus on addressing the structural obstacles faced by a range of disadvantaged women, and through a process of community organizing as well as income-generation.

For the most part *sustainability* for the UWC is defined and articulated primarily through a focus on creating sustainable futures for its clients, than on the economic development of the communities in which its clients live and work. *Gender sensitivity* is primarily expressed through its focus on women, and the

development of programs which address the individual and structural barriers faced by its target population. More generally, both *sustainability* and *gender sensitivity* are constructed within a context that is both critical of existing social and economic development practices, while at the same time seeks to incorporate its clients into the mainstream economy rather than achieve structural economic change.

Having noted that all three organizations attempt to navigate social and economic goals, and individual and community development, this navigation is not equally successfully achieved by the three organizations. In my view, Cooperative Economics for Women is the most successful in operationalizing a broadly defined commitment to *gender sensitivity* and *sustainability*, which marries a thoughtful analysis of the conditions of low-income women to a structural critique of conventional development. As a result, its methodology firmly balances a commitment to improving the economic lives of its program participants with the social goal of building solidarity, community and leadership capacity. In this way as well, it integrates a program with depth – i.e. it touches on many aspects of the program participants' lives and simultaneously builds technical skills and personal capacity – in a manner that is firmly set within a context of, and engagement with, community development.

CEI, too, significantly addresses *gender sensitivity* and *sustainability*, although in a manner substantively different from that of CEW. CEI's programs have breadth. In other words, it has the capacity to reach a larger number of women microentrepreneurs, and, at the same time, to have an impact beyond loan recipients or participants in collaborative projects. CEI accomplishes this in three

ways. First, gender sensitivity is integrated throughout CEI's programs. As a result, a concern with empowering women is woven throughout CEI's lending, its sectoral development, and its technical assistance and business counseling. Second, in CEI's extensive work with other organizations, it endeavors to encourage a sensitivity to the particular issues faced by women in its partner organizations, as for example, in its training of trainers. Thus economic and social goals intersect. Finally, CEI engages in a broader educational effort around community economic development with a sensitivity to gender differences, as manifested in the participation of CEI staff in local, statewide and national advocacy efforts. In this way, CEI's focus on individual lending is broadened to potentially influence community development policy and practice.

The UWC's program extends the least beyond program participants, even while it voices a concern with the disadvantaged community in which it is located. While it wavers between an analysis of obstacles as individual or as structural, its primary goal is to integrate its program participants into the mainstream economy, rather than seeking to change the structure of the economy. Most clients engage in traditionally "female" occupations such as sewing, handicrafts, doll collection, or office support services. In fact, like CEI, it encourages home-based endeavors. The emphasis is primarily on individual advancement, with a particular concern for providing personal and emotional support, rather than building group solidarity or engaging in organizing or advocacy. Even the loan circles are designed for the most part as a means of support to the individual members, rather than the basis from which to engage in collective advocacy. Thus, while its programs clearly have

depth of impact on program participants, it lacks breadth, or a broader effect on the community.

Chapter 6: Conclusion: Women as (micro)citizens?

The United Nations has recognized that 'development' is key to the fulfillment of many other basic human rights. However, for poor people, most of whom are women, 'development' as implemented has meant more suffering under national and international policies that increase the cost of basic need such as housing, food, and health care. It has meant the loss of jobs and land as governments under pressure from crushing debt loads allow multinational corporations to take advantage of resources without providing for local participation. - Hope Lewis, Cooperative Economics for Women/Northeastern University¹

I. Introduction

As Hope Lewis underscores, despite wide-ranging critiques of anti-poverty and development policy, both within the global context and in the U.S., many traditional assumptions continue to inform urban public policy. In my view, these notions remain fundamentally disempowering, treating the poor as needy or negligent, rather than structurally disadvantaged. The promise of microenterprise is that it provides individuals and communities with the access to the resources they need for survival, security and growth, in a manner that promotes their participation in public life and public policy debates. In other words, in the best case, microenterprise assistance programs can facilitate the practice of full citizenship by program participants. This presents a stark alternative to the current discourse of welfare reform in the U.S., which penalizes poor women who are often without resources, even while insisting upon self-reliance. However, if programs continue to rely on traditional concepts of economic, social and political goals as separable, and of individual advancement and community development as unrelated to racial,

¹Hope Lewis, "From Beijing to Chelsea: Poor Women and the Right to 'Development,'" *CEW's News 2*, no. 1 (Fall 1995): 1,5.

class and gendered assumptions, microenterprise projects in the U.S. are unlikely to fulfill their most progressive promise.

In this project, I have engaged in a gender analysis of three microenterprise assistance organizations that direct their services toward low-income women. I have located my discussion within debates about gender and development, in order to understand how a commitment to *gender sensitivity* is operationalized at the programmatic level. *Gender sensitivity*, as I use it, refers to the efforts by organizations to critically assess how their programs contest the gender structuring of the economy which systematically disadvantage women. Indeed, at its most extensive, *gender sensitivity* challenges the notion of women as a universal category, and addresses the specific concerns of particular groups of women. Such a comprehensive view is founded upon the recognition that women's overall economic opportunities are, in large part, the result of the structure of the division of labor in any particular locale. Furthermore, opportunities for women to achieve economic security depend on the way in which the division of labor relies upon and inscribes difference of gender, race, class and culture. In every location, some activities will be promoted as 'appropriate' for women of particular races and cultures -- as workers and entrepreneurs -- while others will be proscribed.

In my examination of *gender sensitivity*, I have suggested an analytic lens of *sustainability*, which I have defined along two dimensions: how economic and social goals are balanced; and how a commitment to helping individuals advance economically is negotiated with a concern for community development. My argument is based on my belief in the importance of investigating the politics of

women's economic agency and participation at this historical moment, in part because of the increasing importance of women's work worldwide in maintaining and sustaining their families and communities, and in part because of an increasing policy emphasis on individual economic self-sufficiency as a primary poverty alleviation strategy.²

In this endeavor, I also seek to foster greater reflection upon the gendered construction of economic subjects and economic participation as intimately tied to the creation of political subjects as citizens. This stems from my view that, at their best, development practices enlarge not only the economic space in which individuals operate, but also the community context which they engage and in which they are based. As such, I have emphasized that it is critical that microenterprise programs interrogate the assumptions underlying their own programs' construction.

The assessment of *gender sensitivity* and *sustainability* in support to women's small-scale economic activity ultimately relies upon a decision about the relative importance of individual change within the context of wider opportunities for mobilization and social transformation. As a form of local development, supporting women's microenterprise initiatives may significantly help a small group of women create sustainable businesses, and, in some cases, jobs for others. In fact, there may be larger "income multiplication effects" of women's expenditures, since women tend to spend more of their money on locally produced food and enterprise

²United Nations Development Programme (UNDP), *Human Development Report 1995* (New York: Oxford University Press, 1995).

inputs.³ Yet, microenterprise, as most researchers, organizers or planners will note, is not for everyone, which sets clear policy limits on microenterprise assistance as a form of alleviating structural discrimination and poverty. And, almost by definition, micro efforts tend to remain very small,⁴ which means that programs have limited impact on low-income communities in terms of job creation or community investment. Moreover, they do not necessarily challenge gender hierarchies or the gendered division of labor. In fact, as I illustrated in Chapter 2, women's microenterprise initiatives are concentrated in segments of the economy which tend to reinforce, rather than challenge, the gendered division of labor. Still, many microenterprises exist as crucial elements of women's survival and security strategies. Yet, in order to more fully contest gender discrimination, assistance projects must proceed with a clear understanding of the benefits and restrictions of microenterprise, particularly since the gendered impacts of development are still open to debate.

In the remainder of this chapter, I extend my gender analysis of women's microenterprise assistance organizations. I formulate an assessment framework organized into three categories: *enterprise development*, *poverty alleviation* and *social transformation*. These categories emphasize both the goals and methodology of microenterprise assistance. I look at Coastal Enterprises Inc., Cooperative Economics for Women and the Urban Women's Center in the context

³Jeanne Downing, *Gender and the Growth and Dynamics of Microenterprises*, GEMINI Working Paper No. 5 (Bethesda, MD: Development Alternatives, Inc., 1990).

⁴Carl Liedholm and Donald C. Mead, *Dynamics of Microenterprises: Research Issues and Approaches*, GEMINI Working Paper No. 12 (Bethesda, MD: Development Alternatives, Inc., 1991).

of these three categories, and show that such a three-tiered framework is a more useful assessment framework than the more common two-tiered (such as economic and social development, economic development and social welfare, or financial and social intermediation) ones. Finally, I link this gender analysis to current challenges to the development paradigm which emphasize citizenship and economic rights as critical elements of progressive development policies and practices.

II. An assessment framework: enterprise development, poverty alleviation and social transformation

For the purposes of assessment of the *gender sensitivity* of microenterprise assistance organizations, I propose that assistance can be usefully viewed as falling roughly into three categories based upon their central goals: *enterprise development, poverty alleviation, and social transformation*.⁵ These categories are important because, in varying ways, they each create divergent patterns of gendered consequences. In my research, I have examined one organization in each category in order to explore how various programmatic approaches address gender issues or are *gender sensitive*.

While extensive overlap exists in the services offered and program strategies employed, philosophical differences are evident. The *enterprise development* approach is primarily concerned with making women's enterprises more secure and getting women to enter higher growth sectors. It is most often targeted toward

⁵This framework builds, in particular, on the work of Lynn Bennett and Mike Goldberg, *Providing Enterprise Development and Financial Services to Women: A Decade of Bank Experience in Asia*, Asia Technical Department Series World Bank Technical Paper Number 236 (Washington, D.C.: The World Bank, 1993).

existing businesses, through marketing and business development assistance, along with the provision of small loans at market interest rates. The success of this approach depends on reaching women entrepreneurs whose existence is somewhat secure and are therefore able to focus on accumulating profits. Since the interaction with each client is limited primarily to the provision of loans, *enterprise development* organizations often have the capacity (and the intention) of reaching large numbers of clients. In this sense, they can have *breadth*. Among the three organizations I examined, Coastal Enterprises Inc. falls primarily into this category. Most of CEI's programs are directed toward helping existing businesses become more financially stable, or to grow. They also stress connecting women business owners to conventional lenders, while, at the same time, they work with these lenders to foster greater understanding about the concerns of women business owners. Project SOAR and Project JUMP are exceptions, and fall more into the next category I discuss, *poverty alleviation*.

The second set of microenterprise assistance programs can be characterized primarily as *poverty alleviation* programs. These organizations tend to focus on providing low-income women with the means to move from a concern with survival to economic security. Poverty alleviation may involve integrated programs which include credit along with business training and personal support, and may link program participants to other social institutions. In other words, the poverty alleviation approach emphasizes access to baseline resources (business management and business planning, as well as literacy, numeracy, self-esteem building and other personal support strategies) for women who enter self-

employment or small business ownership. In contrast to the enterprise development approach, agencies focused on poverty alleviation are more likely to encourage women to pursue "safe" sectors as opposed to higher growth/higher risk businesses. While "safe" sectors (in which women are traditionally concentrated) may be the least lucrative, they contain fewer barriers to entry and are often easier to combine with household responsibilities. Often, these programs are *deep*: they attempt to provide intensive support and services to their clients. The Urban Women's Center is located mainly within this category, although as noted above, Project JUMP and Project SOAR of Coastal Enterprises Inc. also primarily take a poverty alleviation approach. Both the UWC and Projects SOAR and JUMP emphasize providing the full range of services they believe their low-income participants require in order to join the economic mainstream. Indeed, in both cases, the organizations contend that participating in their programs helps low-income women (and men in the case of Project JUMP) achieve greater economic stability, without governmental assistance, whether through microenterprise or by entering paid employment. The Urban Women's Center illustrates a combination of enterprise development and poverty alleviation goals. On the one hand, they offer an extensive business training program, operated in collaboration with local institutions to would-be and existing women microentrepreneurs. At the same time, the majority of their clients are poor, and many have been welfare recipients. In targeting the programs to this population, their efforts address both issues of self-esteem and basic training, as well as business planning and business development.

The third approach takes *social transformation*, empowerment and

community development as its primary goal. Agencies which profess these goals often provide access to basic services, along with income generation and enterprise development. However, these organizations also stress that enterprise development should be linked to a broader social, political and/or economic critique. As a result, they may support cooperative as well as individual efforts. Running throughout these programs is a concern with helping people meet basic needs, while increasing self-esteem and political engagement. Women's participation in microenterprises is, therefore, seen as a vehicle for broader social change. While concerns with survival and security are not ignored, social transformation strategies attempt to link the problems that individual women face to the problems of women as workers more generally. Social transformation strategies highlight structural factors of exclusion which have lead to the preponderance of women and marginalized groups in the population of poverty. Often, these efforts attempt to be both broad and deep, which is both their strength, when they are successful in doing so, and their weakness, because they may be pulled in too many directions at once.

This principally describes the work of Cooperative Economics for Women. While the CEW cooperatives are geared toward generating income, this is conducted within a context of challenging traditional assumptions of development and building new model of economic cooperation. This is further articulated in CEW's commitment to collaborating with other community-based organizations to foster greater political participation.

While one might be tempted to regard each these three approaches of microenterprise assistance as more or less exclusive, it is more useful to see each

of them operating with intersecting axes, which enable greater or lesser **breadth** (or reach) and **depth** (or focus). For instance, one might criticize the *poverty alleviation* organizations as too narrowly concerned with bringing poor women into the economic mainstream without challenging the structural roots of women's poverty. Yet, these organizations often do facilitate greater economic security for their participants. And, while *enterprise development* programs generally direct their loans to existing businesses, these organizations have the most breadth, as they are able to reach more clients/participants. They may therefore be better positioned to continue to provide credit and services to women who may not be reached by other organizations or sources of low-interest credit. Indeed, the ability to function as economic agents is itself empowering for many women. Social transformation groups, on the other hand, often have a difficult time constructing a clear program focus, and must constantly face the difficulty of raising funds to continue operations.⁶

Given these categories and their gendered implications, some general observations can be made about the experience of assisting women's small-scale enterprises through training, support and lending. First, the smaller the loans available and the more 'informal' the intermediary, the higher the participation of women.⁷ The most successful of organizations have institutionalized in a manner

⁶Yet, some social change organizations outside the U.S., like the Self-Employed Women's Association (SEWA) in India, provide a model of functioning at a large scale. The commitment of SEWA to social change is connected to the fact that it was initiated with trade union support, as a private, grassroots project to serve poor women.

⁷Katherine McKee, "Microlevel Strategies for Supporting Livelihoods, Employment, and Income Generation of Poor Women in the Third World," *World Development* 17, no. 7 (1989): 993-1006.

that increases women's participation and maximizes the impact of financial assistance on the security of women's small-scale enterprises. Many agencies involved in assisting women's small scale enterprises retain a commitment to connecting survival and financial security with women's participation in broader social and political networks. For instance, CEW works extensively with other community-based organizations, and CEI works as a key partner in a number of national and statewide advocacy groups. The initiation of CEI Development Services has further extended their reach internationally. In many of these efforts, however, the success achieved depends upon an intensity of effort that cannot easily be "scaled up." For example, an endeavor such as CEW's remains primarily concentrated on a small group of women. However, they seek to extend their reach through political engagement and cooperation with community-based organizations.

As my examination of microenterprise assisting organizations illustrates, at their best, microenterprise and self-employment provide women with the means for survival, security and growth. They may lead to changes in women's perceptions of themselves and their roles in their families and communities, and may even lead to women's individual and group empowerment. The *poverty alleviation* and *social transformation* strategies direct explicit attention to these aspects of development. Strategies which focus solely on the individual entrepreneur, such as the *enterprise development* approach and often the *poverty alleviation* approach as well, are limited in their ability to challenge gender structuring of the economy at the systemic level. While self-employment or owning and operating a microenterprise may help individual women, it does not provide solutions to the deep problems of structural

inequality based on gender, race, class, ethnicity, culture language, etc., that are fundamental to poverty and discrimination.

Indeed, even the perceived "autonomy" resulting from self-employment may not, in fact, indicate that women really control their time or income without an emphasis on connecting the barriers that individual women face to structural discrimination, as occurs in a *social transformation* approach. As evidence of women's lack of autonomy, a 1990 study in Bangladesh observed a pattern of male or family control of women's businesses or prior financial claims on the profits from these businesses.⁸ As Greenhalgh argues, economic relations are embedded in social relations and patterns of domination or control. The fact that women may be responsible for assuring their family's survival does not necessarily confer upon them control over the income or assets they earn. As a result, Greenhalgh observes, the income women earn from self-employment is not necessarily theirs to distribute.⁹ Rather, their husbands or family networks determine the use to which the money will be put. Research by Nelson and Smith show that such patterns are echoed in the U.S. as well.¹⁰

⁸Susan Greenhalgh, *Women's Informal Enterprise: Empowerment of Exploitation?* Working Paper No. 33 (New York: Population Council, 1991). See also Deborah Carr, "Two Paths to Self-Employment?: Women's and Men's Self-Employment in the United States, 1980," *Work & Occupations* 23, no. 1 (February 1996): 26-53; Nancy C. Jurik, "Getting Away and Getting by: The Experiences of Self-Employed Homeworkers," *Work & Occupations* 25, no. 1 (February 1998): 7-35; Lisa J. Servon and Timothy Bates, "Microenterprise as an Exit Route from Poverty: Recommendations for Programs and Policy Makers," *Journal of Urban Affairs* 20, no. 4 (1998): 419-41; Roberta Spalter-Roth, Enrique Soto and Lily Zandniapour, *Micro-Enterprise and Women: The Viability of Self-Employment as a Strategy for Alleviating Poverty* (Washington, D.C.: Institute for Women's Policy Research, 1994).

⁹Greenhalgh, *Women's Informal Enterprise*.

¹⁰Margaret K Nelson and Joan Smith, "Economic Restructuring, Household Strategies, and Gender: A Case Study of a Rural Community," *Feminist Studies* 24, no. 1 (Spring 1998): 79-114.

Such prior demands on women's income takes place as well within the U.S., often based on gender stereotypes about what are women's obligations.¹¹ Therefore, the analysis of women's enterprise activity must consider broader social relations and cultural assumptions about women's appropriate roles. These observations make it clear that assistance programs must consider women's obligations and responsibilities so that self-employment means more than greater burdens and longer hours of work, for little additional income. Often, self-employment takes place at the expense of health insurance, disability insurance or the accumulation of pension or retirement plans.

Moreover, with regard to questions of participation and citizenship, I argue that women's participation as microentrepreneurs does not necessarily give women the opportunity to be active agents in a public process unless this is an explicit organizational goal. This is especially true of organizations that work primarily with women's home-based enterprises as they are often located in sectors where the businesses women operate tend to be fragile and insecure, as is often encouraged by *poverty alleviation* organizations. Furthermore, women's responsibilities are generally increased by self-employment, as are their working hours, making participation in community or political activity difficult, if not impossible.

With regard to gender, development planning and practice has generally relied upon and reinforced a gendered division of labor that may serve women's immediate needs but does not address broader questions about labor market segmentation and gender-based discrimination. In this sense, gender refers to

¹¹See, for example Carr, "Two Paths to Self-Employment?"; Jurik, "Getting Away and Getting by."; Nelson and Smith, "Economic Restructuring, Household Strategies."

structural relationships, among women and men, and between women, men and the state, the economy and other institutions at the micro and macro level. Clearly, for programs to be useful to participants, they must be sustainable. The evaluation of such policies and practices must therefore focus on efficiency/effectiveness with regard to economic gain, or the increase in access to women and their families. Yet, if we hold an ideal of development strategies as being democratic, then their evaluation must also consider the broad implications for enhancing women's opportunities to participate in the construction and implementation of policies that effect their lives. One might also hope that such programs and practices help women gain greater control over productive resources.

Extending this endeavor of *gender sensitivity*, we can ask whether policies and strategies move from viewing program participants from recipients with needs to citizens with rights.¹² An alternative set of women's self-employment principles can help guide this evaluation. Recently, I have worked with Alt-WID/NY¹³ to develop a set of criteria to help ground efforts that seek to assist self-employed women and microentrepreneurs in the context of women's collective empowerment, community development and human rights. These criteria emphasize that microenterprise will not end women's poverty, but can be a useful and creative

¹²For more on translating women's "needs" into a rights-based analysis, see Alda Facio, "From Basic Needs to Basic Rights," *Gender and Development* 3, no. 2 (June 1995): 16-22; Margaret A. Schuler, "From Basic Needs to Basic Rights: Women's Claim to Human Rights," in *From Basic Needs to Basic Rights: Women's Claim to Human Rights*, ed. Margaret A. Schuler (Washington, DC: Institute for Women, Law and Development, 1995), 1-26.

¹³Alt-WID/NY is an independent working group of women researcher and activists who do advocacy and education work towards a just social order based on gender equality, economic and racial justice, environmental sustainability, human rights and sustainable livelihoods for all peoples and communities.

element of a larger development strategy. These criteria emphasize individual effects, community impacts, broader social impacts and ethical financing. They are founded upon a respect for women's initiatives and the need for addressing women's social, political and economic marginalization in line with the general goals of *social transformation* organizations.¹⁴

In following these criteria, development practices would not only improve people's livelihoods and their opportunities for economic gain, but would also increase their opportunities to participate in public life and decision making. Unless microenterprise assistance programs are designed to ensure women's control of their own labor, while confronting the causes of women's poverty and need for political mobilization, such efforts will address the symptoms of women's poverty, without adequately grappling with the causes and persistence of women's marginalization. With such a goal in mind, in the next section I explore how to link the goals of empowerment as expressed through the concepts of 'citizenship' and 'rights' to development policies and practices.

III. Toward women's economic independence and citizenship

In many contemporary debates, the discourse of rights and citizenship is posed against the discourse of economic development. Often, rights and citizenship are framed within the context of individual freedom and liberal constructions of citizenship. However, feminist reconstructions of these concepts has sought other oppositional impulses contained within the discourse of rights and

¹⁴See Alt-WID/NY's "Women's Self-Employment Principles," Appendix 2.

citizenship which highlights the legitimate claims that agents/citizens make upon the state beyond the private realm, and/or claims upon their own communities. Indeed, as feminist scholars have illustrated, the androcentric myth of economic independence, equality and individual freedom upon which the rags to riches notion relies (and is reinscribed in promoting microenterprise), masks a deep structural inequality and lack of freedom. Mohanty and Alexander describe the implications of this by noting

...freedom and equality function as guaranteed rights under capitalism, foregrounding questions of economic access and choice, of individual freedom, of economic and social mobility, of equality defined as access, opportunity and choice, and of private property and ownership as constitutive of self-worth. And these myths beg the question of who is the presumed citizen entitled to these rights.¹⁵

Yet, I argue, it is precisely the question of how we link the claim for rights to the practices of development, that compels me to speak of development, rights and citizenship as interrelated concepts. In the context of the U.S. and claims to justice, rights are a critical discourse to engage. Or, as Patricia Williams phrases it, “[f]or the historically disempowered, the conferring of rights is symbolic of all the denied aspects of their humanity: rights imply a respect that places one in the referential range of self and others, that elevates one’s status from human body to social being”¹⁶

¹⁵M. Jacqui Alexander and Chandra Talpade Mohanty, "Introduction: Genealogies, Legacies, Movements," in *Feminist Genealogies, Colonial Legacies, Democratic Futures*, ed. M. Jacqui Alexander and Chandra Talpade Mohanty (New York: Routledge, 1997), xiii-ii. P. xxxiii.

¹⁶Patricia Williams, *The Alchemy of Race and Rights: Diary of a Law Professor* (Cambridge: Harvard University Press, 1991). P. 153

Economic Independence and Citizenship

This analysis points to an important link between development practices and the construction of citizenship and economic independence, particularly as these are materialized in policies and programs. For instance, the historical construction of public assistance in a manner which regulates women and the poor, that Nancy Fraser refers to the "politics of needs interpretation," offers important signposts to how we understand the recent proposition that self-employment can be a major element of solving poverty.

All too often, small business ownership or microentrepreneurship as a development strategy constructs "need" in a particular fashion in which individuals are held responsible for their own poverty and unemployment. At the same time, citizenship has come to be equated more and more with the status of taxpayer and consumer, thus obviating citizenship for dependents. As Fraser and Gordon have noted, historically the U.S. was "especially hospitable to elaborating dependency as a defect of individual character"¹⁷ because of the lack of legacy of feudalism and a strong sense of reciprocal obligations. For these same reasons "enterprise" and self-reliance are particularly critical aspects of independence, and its political face, citizenship.¹⁸ In this regard, Fraser and Gordon note that in the U.S. today, "all

¹⁷Nancy Fraser and Linda Gordon, "A Genealogy of Dependency: Tracing a Keyword of the U.S. Welfare State," *Signs* 19 (Winter 1994): 309-36. P. 319.

¹⁸For more discussion about women's citizenship see, for instance Mary G. Dietz, "Context is All: Feminism and Theories of Citizenship," in *Feminism and Politics*, ed. Anne Phillips (New York: Oxford University Press, 1998), 378-400; Chantal Mouffe, "Feminism, Citizenship, and Radical Democratic Politics," in *Feminists Theorize the Political*, ed. Judith Butler and Joan W. Scott (New York: Routledge, 1992), 369-84; Carole Patemen, *The Disorder of Women* (Stanford: Stanford University Press, 1989); Iris Marion Young, "Polity and Group Difference: A Critique of the Ideal of Universal Citizenship," *Ethics* 9 (1989): 250-74.

dependency is suspect and independence is enjoined upon everyone."¹⁹

The assertion of entrepreneurship against dependency has both coherent and contradictory elements, which are repeated in microenterprise assistance projects. The notion of the independent, entrepreneurial pioneer has the appeal of a seemingly natural solution: harkening back to a pre-industrial vision and consonant with the construction of a flexible, low-overhead workforce and an increasingly minimal state. Yet, given the gendered and racialized coding of this entrepreneurial vision, successful programs could indeed create dangerous, independent women.²⁰

In this view, economic independence and "self-reliance" become critical characteristics of citizenship. At the same time, citizenship confers fewer and fewer possibilities for making claims upon the state. Indeed, one might argue that the promotion of economic independence (and the current requirement of self reliance for low-income women) for those previously excluded from membership, is taking place precisely at the moment that the state is minimizing the claims citizens can make on it.

Yet this takes place with consequences with which the "the public" is more and more uneasy. The implications of radical individualism and free market values as the reigning paradigm brings with it a crisis in community (as exemplified by the

¹⁹Fraser and Gordon, "Genealogy of Dependency." P. 324.

²⁰Or, as Carole Patemen puts it "Theoretically and historically, the central criterion for citizenship has been 'independence,' and the elements encompassed under the heading of independence have been based on masculine attributes and abilities. Men, but not women, have been seen as possessing the capacities required of 'individuals', 'workers' and 'citizens'. Patemen, *The Disorder of Women*. P. 185. In addition, as a number of scholars have show, the 'man' in this image, is also white. See for example, Williams, *The Alchemy of Race and Rights*.

reception to Robert Putnam's mourning of the disappearance of civic action²¹). The dilemma, Richard Norman describes, is that

in a market economy the institutions of the market do not produce citizens with a commitment to the interests of anything wider than themselves and their families. The cohesiveness of the community is thus always in danger of disintegrating, and the role of intermediate associations is to generate the social solidarity which can hold the community together.²²

The construction of citizenship through intermediate institutions, like non-profit and non-governmental organizations, takes on a particularly urgent relevance in this atmosphere. These intermediary institutions (or 'meso' institutions as Elson describes them²³) present an accessible alternative to an unmediated collectivity, like the family is often assumed to be, or atomized autonomous individuals. As a counter-narrative to free market individualism, we can pose the notion of citizenship in the context of development debates translated into the concept of economic rights. A notion of economic rights links the conditions in which women work and become poor to its social basis, political context and economic conditions.

What then, might development mean in a society in which citizenship means full membership in economic, social and political life? The goals of development

²¹Robert D. Putnam, "The Strange Disappearance of Civic America," *The American Prospect*, no. 24, Winter 1996: 34-49. In response, see also William A. Galston, "Won't You Be My Neighbor?" *The American Prospect*, no. 26, May-June 1996: 16-18; Alejandro Portes and Patricia Landolt, "The Downside of Social Capital," *The American Prospect*, no. 26, May-June 1996: 18-21; Michael Schudson, "What If Civic Life Didn't Die?" *The American Prospect*, no. 25, March-April 1996: 17-20; Theda Skocpol, "Unravelling From Above," *The American Prospect*, no. 25, March-April 1996: 20-25.

²²Richard Norman, "Citizenship, Politics and Autonomy," in *Liberalism, Citizenship and Autonomy*, ed. David Milligan and William Watts Miller (Brookfield, VT: Ashgate Publishing Company, 1992), 35-53. P. 45.

²³Diane Elson, "Micro, Meso, Macro: Gender and Economic Analysis in the Context of Policy Reform," in *The Strategic Silence: Gender and Economic Policy*, ed. Isabella Bakker (Atlantic Highlands, New Jersey: Zed Books Ltd., 1994), 33-46.

have significant implications for how we understand the relationship between economic independence, citizenship and rights. In explaining these links, Feldman notes:

As new patterns of intrahousehold division of labor emerge, they alter the norms and values that guide everyday life in both the private domain of the household and the public domain of the workplace. In both the household and the workplace a new gender division of labor may generate contradictory outcomes. On the one hand, these outcomes may entail new relations of inequality, subordination, and exploitation for women. On the other hand, they may provide opportunities for greater independence and resource control for all household members.²⁴

These changes in the division of labor in the household as well as the labor force helps link the question of economic independence to development policy and practices. As we consider how to construct development policy and practices, and how to assess their *gender sensitivity*, the questions of community, individualism, citizenship and rights are crucial. The notions of economic independence, development and citizenship connect macro theory about globalization or economic restructuring to development theories. Still, a critical second strand entails how development policy, particularly around gender, is manifested in specific practices. Thus we return to the initial discussion about the ideals of development practices and their relation to questions of economic independence and citizenship for women.

In this context, debates about microenterprise assistance programs in the U.S. cannot be separated from debates about welfare, poverty or economic restructuring - in a word, development. However, the discourses of development

²⁴Shelley Feldman, "Crises, Poverty, and Gender Inequality: Current Themes and Issues," in *Unequal Burden: Economic Crises, Persistent Poverty, and Women's Work*, ed. Lourdes Beneria and Shelley Feldman (Boulder, CO: Westview Press, 1992), 1-25. P. 5.

and rights are generally distinct, or even conflictual. In the international arena this takes the form of intergovernmental debates in which rights and development are traded off against each other as though they are mutually exclusive, as took place for example at the UN World Summit on Social Development.²⁵ In the U.S., this opposition is reflected in a general lack of integration between economic development and economic justice.

Ultimately, this leads one to ask “what are the economic foundations for democratic, gender-equitable society?” While my analysis does not attempt to fully answer this questions, I do argue that the notion of development linked to economic rights gives us insight into the larger question of the construction of democratic society. In particular, it shows us how the gendered patterns which result from *enterprise development, poverty alleviation* and *social transformation* approaches either contest or reinforce the traditional development paradigm, by facilitating women’s agency and empowerment.

I have argued that supporting women's microenterprises is not enough when it only helps to keep women working long hours for little return. Women's widespread poverty, unequal and extensive family responsibilities, and gender discrimination in the realm of the economy and society generally, remain structural barriers to women’s efforts to become economically independent. In order to address this situation, microenterprise assistance organizations must take these issues fully into account, or they will fail in view of a larger picture of development.

²⁵Participant observation, March 1994.

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Appendix A: List of Interviews*

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*All loan recipients and program participants are listed with pseudonyms.

Appendix B: Alt-WID/NY*: Women's Self-Employment Principles

Individual Impacts

- Projects should provide women with the means for self-reliance, not just a marginal and insecure income in a "patchwork"-type strategy.
- Projects should incorporate measures that ensure against exploitative, hazardous and unhealthy working conditions (child labor, long working hours, lack of safety, etc.)
- Project should not limit women to traditional, low-wage "women's work" (e.g. sewing, cooking, childcare, elder care, cleaning and hair care), which is merely an extension of their unpaid work in the home.
- Projects should encourage higher-wage and "non-traditional" job alternatives for women.
- Given that women's microenterprise and self-employment projects have tended towards the kinds of jobs which fall into the category of "traditional women's work," projects should include skills-training that raise the quality, wages and value of those jobs.

Community Impacts

- Products and services of the microenterprise should meet community needs for goods and services, and should be developed in dialogue with community-based organizations.
- Self-employment projects should be conceived of and implemented collectively, in ways that foster group identity and strengthen community.
- Economic literacy should be an integral part of women's microenterprise and self-employment projects. However, this should not be limited to training in financial and managerial skills, but rather to how national and global policies and power relations contribute to women's low wages, unemployment and maldistribution of wealth and income.

Broader Social Impacts

- Women's microenterprise and self-employment projects should be part of a strategy that includes the generation of an adequate income that covers health care, housing, childcare and education, as basic elements of women's human rights.
- Women's microenterprise and self-employment projects should be part of a

broader strategy that addresses government and corporate policy and responsibility around jobs, the social safety net, taxes, etc.

Ethical Financing

- Projects should emphasize putting money in the hands of grassroots women through their organizations, to ensure women's control over the financial decision-making, rather than in the hands of "experts" and intermediaries.
- Financing projects for microenterprise schemes should recognize and promote the leadership and creativity of low-income/grassroots women and their organizations by ensuring their participation in the conceptualization of projects as well as their implementation and evaluation of projects.
- Grassroots organizations embarking on microenterprise projects should carefully assess the goals and agenda of potential funders, and particularly in light of these principles.

*Alt-WID/NY (Alternative Women in Development) is an independent working group of women researchers and activists who do advocacy and education work towards a just social order based on gender equality, economic and racial justice, environmental sustainability, and sustainable livelihoods for all peoples and communities. For more information contact: Alt-WID, c/o MADRE, 121 West 27th Street, New York, NY 10001.

Curriculum Vita

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Education

1982, A.B., Barnard College, Political Science and Women's Studies. Magna Cum Laude with Departmental Honors.

1989, M.C.R.P., Rutgers, the State University of New Jersey, Masters in City and Regional Planning, Bloustein School of Planning and Public Policy.

2000, Ph.D., Rutgers, the State University of New Jersey, Interdisciplinary Graduate Program in Urban Planning and Policy Development and Political Science.

Professional Experience

UNIFEM (United Nations Development Fund for Women), New York, NY
9/99-6/00 *Beijing +5 Advisor*

Center for Women's Global Leadership, Rutgers University, New Brunswick, NJ
1996-1999 *Program Director for Policy and Advocacy*
1994-1996 *Senior Program Associate*
1990-1994 *Program Associate/Institute Coordinator*

Neighborhood Housing Services, New York, NY
1989-1991 *Community Organizer/Intern Supervisor*

New York City Housing Authority, Office of Program Planning, NY
1988-1989 *Community Organizer/Fundraiser*

Department of Urban Planning, Rutgers University, New Brunswick, NJ
1986-1988 *Research Assistant for Professor Susan Fainstein*

Women's Funding Coalition, Inc., New York, NY
1984-1986 *Administrative Coordinator*

The Radio Foundation, Inc., New York, NY
1984 *Conference Coordinator*

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1983-1984 *Development Assistant*

Selected Publications

Guest editor, Campaign section, "The 1998 Global Campaign for Women's Human Rights," *Women's Health Journal*, 1/99. Santiago, Chile: Latin American and Caribbean Women's Health Journal.

"Women's Human Rights: Looking Forward and Looking Back," with Charlotte Bunch. *Women's Health Journal*, 1/99. Santiago, Chile: Latin American and

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