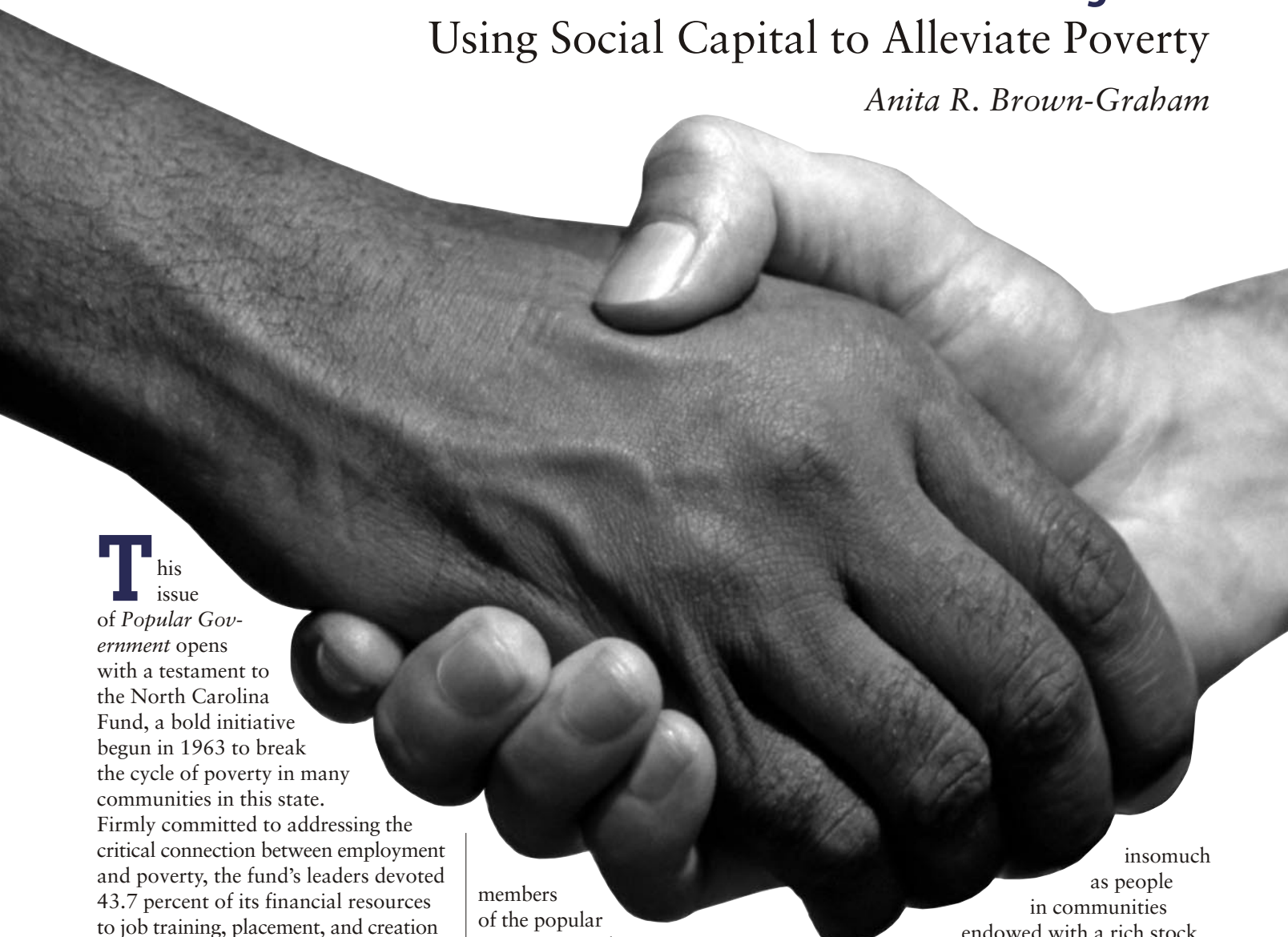


# The Missing Link: Using Social Capital to Alleviate Poverty

Anita R. Brown-Graham



**T**his issue of *Popular Government* opens with a testament to the North Carolina Fund, a bold initiative begun in 1963 to break the cycle of poverty in many communities in this state. Firmly committed to addressing the critical connection between employment and poverty, the fund's leaders devoted 43.7 percent of its financial resources to job training, placement, and creation for residents of the state's poorest communities. Today, public and private agencies continue to create economic opportunities in low-income places, but in some areas of the state, poverty stubbornly resists a variety of attempts at mitigation.

An increasing number of voices, including academics, policy makers, and

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members of the popular press, suggest that an intangible asset called "social capital" is the missing link between poverty and prosperity. Social capital refers to relations among individuals, organizations, communities, and other social units that result in tangible economic benefits such as jobs,<sup>1</sup> and social capital's advocates claim that these relationships or networks are key to providing greater economic opportunity for residents of impoverished communities.

Can social capital really explain why some places prosper economically while others languish? Perhaps it can,

insomuch as people in communities endowed with a rich stock of social networks are in a stronger position to "develop the capacity to address the problems of poverty, to rebuild their communities, and to achieve a measure of control over their lives."<sup>2</sup> As Robert Putnam (who is widely credited for the renaissance of social capital theory) explains of his examination of successful communities in Italy,

*These communities did not become civic simply because they were rich. The historical record strongly suggests precisely the opposite: They have become rich because they were*



## The Geography of Opportunity: Poverty as a Consequence of Place

### The Challenge

By definition, all poor people face some economic and social constraints. However, those living in communities with high levels of poverty face increased challenges. As neighborhood income rises from poverty levels to the middle-income range, school quality, personal safety, and job access all tend to increase. Studies show that, irrespective of their individual household's income, children who live in impoverished communities are more likely to have poor cognitive development, lower IQs, and behavioral problems.<sup>4</sup> They also are more likely to drop out of school<sup>5</sup> and less likely to work<sup>6</sup> or earn a living wage as adults.<sup>7</sup> Researchers have termed these effects the "geography of opportunity."<sup>8</sup>

There are numerous theories explaining how residential locations affect people's life opportunities and outcomes. These include a "skills mismatch theory," which suggests that low-skill workers,

who increasingly reside among other low-skill workers, are ill suited for many of the jobs being created in today's market; a "spatial mismatch theory," which posits that low-skill jobs still exist but have been moved out of places where most low-skill workers live; and a "queue theory," which acknowledges a number of entry barriers to some workers that are removed in times of labor shortages but reerected in times of economic downturn.<sup>9</sup> An exhaustive review of those theories is beyond the scope of this article. Instead, the article accepts that (1) resources are not equally dispersed

across North Carolina and (2) there are constraints on the ability of some residents to relocate from low-resource communities to

take advantage of the opportunities that exist in more affluent places.

Today the poor are increasingly likely to live in communities with higher-than-average poverty rates. This is true for both urban and rural communities,<sup>10</sup> although there are fewer poor rural areas overall than there were in the 1960s, and rural areas are not as segregated by income, employment type, and housing value as urban communities are. In determining the physical boundaries of these communities, scholars look at a geographically defined area where residents are presumed to share both common space and some common circumstance.<sup>11</sup> The urban "community" is usually a neighborhood. In rural areas, "community" typically connotes a larger geographic area. A small rural county's residents might well consider the county to be the primary community.<sup>12</sup>

*civic. The social capital embodied in norms and networks of civic engagement seems to be a precondition for economic development, as well as for effective government. Development economists take note: Civics matters.<sup>3</sup>*

This article attempts to define social capital and assist readers, especially community developers, in recognizing its role in connecting residents of poor communities to job opportunities. The first section describes the likely life prospects of those who reside in the state's economically distressed communities and describes the role of community development in revitalizing these places. The article's second section addresses the role of social capital in these communities. The third section looks at traditional job placement programs and suggests that they fail the people who need them most because they do not consider and compensate for those clients' lack of social capital. This section offers recommendations for community developers seeking to build social networks that enhance employment.



**In both urban and rural communities, people living in areas of concentrated poverty "experience a social isolation that excludes them from the job network system that permeates other neighborhoods and that is so important in learning about or being recommended for jobs that become available."**

For purposes of this article, "high-poverty communities" are defined as counties with poverty rates exceeding 20 percent and metropolitan census tracts with poverty rates exceeding 30 percent. In North Carolina, 13 rural counties and 95 metropolitan census tracts in 35 cities meet the definition of high poverty (see Figures 1 and 2, page 34). There are another 20 rural counties with poverty rates between 16.6 and 19.6 percent and another 205 metropolitan census tracts with poverty rates between 20 and 30 percent.

In both urban and rural communities, people living in areas of concentrated poverty "experience a social isolation that excludes them from the job network system that permeates other neigh-

borhoods and that is so important in learning about or being recommended for jobs that become available . . .”<sup>13</sup> This isolation contributes to the joblessness and underemployment that are prominent features of poor communities by causing residents to be less competitive candidates for jobs.

Competitive job candidates are those who—in addition to possessing the personal attributes, education, and technical skills required in the marketplace—have the necessary contacts and relationships with employers or other recruitment and hiring sources. If competitiveness is a function of both qualifications and contacts, then the structure and quality of networks are likely to influence greatly the quality of jobs for which a job seeker can compete successfully. For residents of poor commu-

nities, the lack of contacts with labor markets can make a well-paying job an elusive goal. In communities where the employed are concentrated in very low-wage, low-skill jobs, connections to jobs exist, but the kinds of jobs likely to be obtained from those networks may not be particularly attractive because they do not pay enough to make ends meet and they offer no prospects for advancement.<sup>14</sup> In other communities, large-scale unemployment becomes “intergenerational,” and “residents and whole communities drop out of the information loop about leads, qualifications, behavioral expectations and wage levels.”<sup>15</sup> Moreover, the schools and job training programs responsible for preparing the workforce in these communities also can become disconnected from the market over time.<sup>16</sup>

### Community Development’s Response to Poor People in Poor Places

What does all this mean for “community developers,” the people who help develop the economic, physical, and social infrastructure of low-income communities?<sup>17</sup> It means that community development agencies, which are typically either not-for-profit community-based organizations or local government units, face formidable challenges in helping residents find jobs.

Community developers use three general approaches to link residents of poor communities to adequate-paying jobs: residential mobility strategies, place-based initiatives, and personal mobility programs. “Residential mobility strategies” open up housing

Figure 1. **Counties with Poverty Rates Exceeding 20 Percent**

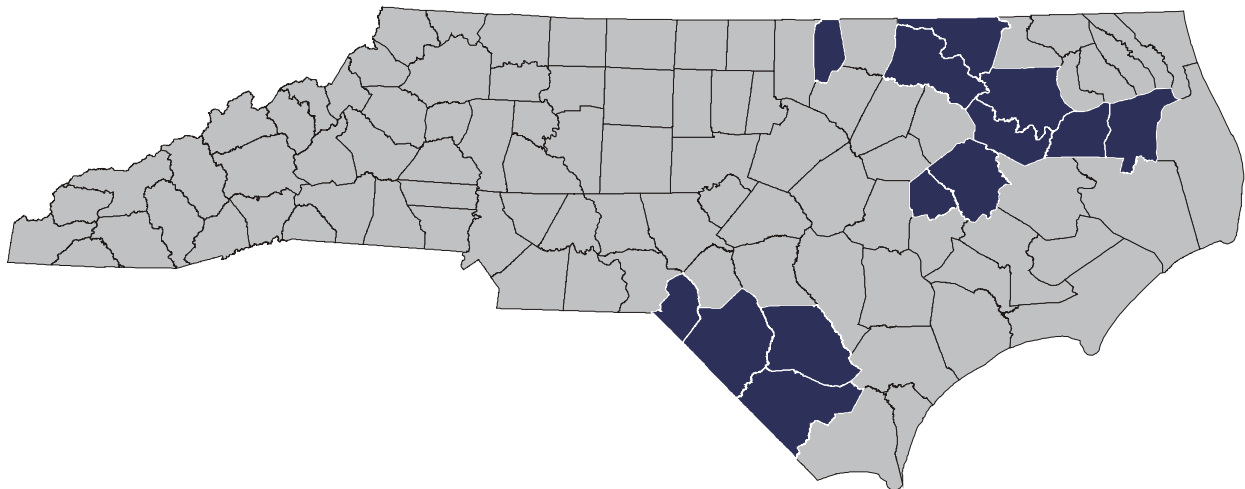
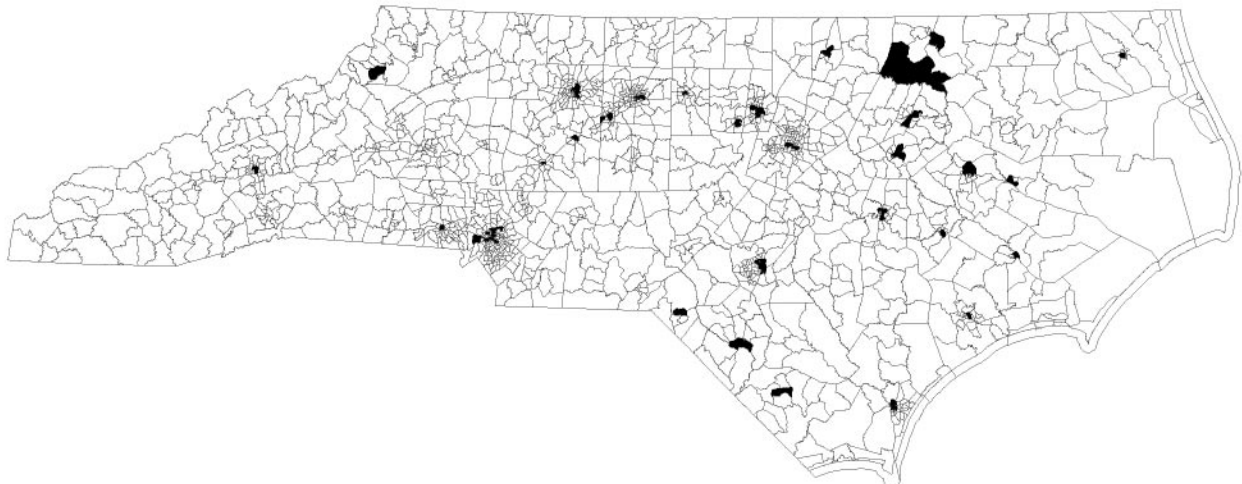


Figure 2. **Metropolitan Census Tracts in 35 Cities with Poverty Rates Exceeding 30 Percent**



Source for Figures 1 and 2: U.S. Bureau of the Census, Census 2002 Summary File 3 (SF3), available at <http://factfinder.census.gov/servlet/BasicFactsServlet> (last visited June 30, 2003).

opportunities in areas where job prospects and other conditions are presumably better.<sup>18</sup> These strategies have become more popular recently because a small but growing number of scholars have suggested that the challenges of economically distressed communities lie in economic market factors that cannot be overcome.<sup>19</sup> These scholars and some community developers contend that efforts might be better focused on providing residents with opportunities to leave their struggling communities for more prosperous places.

Other community developers, decrying any strategy that appears to abandon distressed communities, view lower-income places as underused markets with rich economic opportunities. For these developers, a better strategy is to identify the competitive advantages of conducting business in distressed areas and structure the proper incentives to lure reluctant businesses into these neglected markets. The public sector's role, they say, is to invest in the physical, financial, and human capital needed to correct market failures and make these communities more attractive to the private market. In essence, these community developers argue for "place-based initiatives," which attempt to bring new resources and opportunities to distressed areas in order to stimulate job creation.<sup>20</sup> (For a profile of a corporate CEO who is seeking to bring resources to impoverished communities in eastern North Carolina, see the sidebar on this page.)

Finally, "personal mobility programs" seek to link residents of poor communities with jobs located elsewhere.<sup>21</sup> These programs allow residents to reside in one place and work in another. They typically provide transportation options, such as van pools, to residents.

The North Carolina Fund had programs based on each strategy. Its Mobility program, established in 1965, recruited 1,136 unemployed rural people in coastal and mountain counties and moved them and their families to jobs in the industrial areas of the state. Its largest place-based initiative, Manpower Improvement through Community Effort, contacted 10,000 families to assist them in meeting their

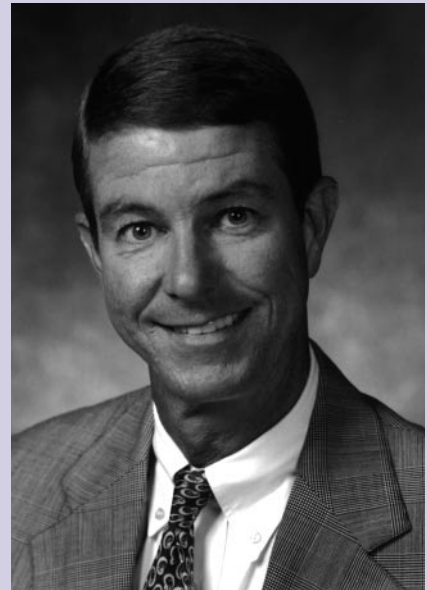
## Kel Landis: A CEO Who Remembers His Roots

**K**el Landis III knows the facts by heart: of the 41 counties in eastern North Carolina, 9 rank among the 20 poorest counties in the United States; 37 have almost stagnant populations and unemployment rates between 3 and 12.5 percent; and 33 count more than 20 percent of their children living in poverty and are officially classified as "distressed" by the state.

Landis knows all this because he is chief executive officer of RBC Centura Banks, Inc., which is based in Rocky Mount. But, he contends, "a lot of people don't know these statistics of shame about the plight of eastern North Carolina or that we have such disparities in the economy of our state." As co-founder of the Foundation of Renewal for Eastern North Carolina—FoR ENC—he is determined to change both public awareness and the future of the region.

Landis's concern for the region is rooted in both his professional and his private life. RBC Centura has a large presence in eastern North Carolina, and the economic health of the area is important to the bank's well-being. Also, Landis grew up in Rocky Mount; his father, Kel Landis, Jr., worked with one of RBC Centura's predecessors, and his wife, Belinda, was his high school sweetheart. After college at The University of North Carolina at Chapel Hill, where he received both a B.S.B.A. and an M.B.A., Landis worked briefly for a bank in Winston-Salem before being wooed back to Rocky Mount by Centura Banks in 1988. Seven years later, he was made president of the bank, and in 2001 when Centura Banks and the Royal Bank of Canada merged, Landis was named chief executive officer. His work with FoR ENC grows out of his deep passion for the region.

Not yet a year old, FoR ENC is creating an advisory board with representatives from all forty-one counties and organizing a broad-based economic summit. "We think that by getting everybody at the table—whether it's the community colleges, the univer-



sities, nonprofits, business—and working together and marketing the whole region, then we can come up with some better outcomes," Landis says. "It's all about working together toward a brighter future for eastern North Carolina, about vision and coordination for the whole region."

Shifts in manufacturing, which in the past were cyclical, now are permanent. From 1997 to 2000, thirteen of eastern North Carolina's counties lost 500 to 10,000-plus manufacturing jobs. "People have got to be retrained, and we've got to reinvent ourselves," Landis says. Eastern North Carolina also needs regional air service, broadband access, and better roads.

"And we've got to get some leadership back into these communities," Landis continues. "Now, nobody comes back home. We're hoping for some real creative thought and some transformational ideas. If we go to someone and say, 'Here are forty-one counties and three million people,' they may find it attractive to think about."

Landis acknowledges that there are no easy answers but adds, "We're going to make sure we don't wake up ten years from now and say, 'Why didn't we try to do something about this?'"

—Eleanor Howe

employment needs through local resources. Finally, the statewide manpower programs operated by the fund's Manpower Development Corporation advocated for public transportation to allow people to commute from where they lived to jobs.<sup>22</sup>

The North Carolina Fund's integration of the three approaches reflects current thinking that the economic position of distressed communities depends on some combination of the following factors: (1) improving the aggregate performance of the regional economy so that jobs can be created, (2) formulating programs specifically targeted to make jobs created outside the communities accessible to their residents, and (3) targeting development strategies to stimulate economic revitalization in distressed communities so that some jobs will be located in them. Unfortunately, community developers are well aware that when jobs are created either outside or inside dis-

ressed communities, low-income people get few if any of the new jobs, and the quality of the jobs they do get may be poor.<sup>23</sup> This is true even of residents with "skills, the acquisition of credentials and the display of 'appropriate' attitudes."<sup>24</sup> The following section suggests why this is the case.

## Social Capital: The Missing Link?

### Social Capital Defined

"Social capital" refers to the networks among people that enhance their access to tangible benefits. Expanding the amount of a community's social capital thus can be seen as an "investment in social relations with expected

returns."<sup>25</sup> The social relations can be either informal face-to-face interactions or formal membership in civic organizations or social clubs. Although Robert Putnam is widely credited with popularizing the term "social capital," the concept first emerged nearly a century ago amidst observations that



HARRY LYNCH / NEWS & OBSERVER

**If a hurricane struck a poor rural community, bonding social capital could offer immediate practical help—food, comfort, assistance in cleaning up, and so forth. Bridging social capital might provide longer-term support—shelter or informal credit—and help tackle problems needing collective action. Linking social capital would be needed to provide access to a broader range of assets—for example, official aid.**

strengthening social networks among citizens could solve the then-dire poverty in rural Appalachia.<sup>26</sup> In recent years the concept has been revived, extended, and contested, stimulating new thinking about its role in combating poverty.

The analytical model of social capital used in this article can be split into three strands: bonding social capital, bridging social capital, and linking social capital.<sup>27</sup> Each strand represents a potential contributor to economic advancement and community revitalization strategies. "Bonding social capital" refers to the strong ties among immediate family members, neighbors, close friends, and business associates sharing similar demographic characteristics. It also is reflected in community-based organizations, which allow community residents to act collectively. Strong local institutions provide a foundation for binding individuals together and encouraging them to pursue collective needs and aspirations.<sup>28</sup> Even with strong bonding capital, however, poor communities will remain socially and economically isolated if they lack broader connections.

"Bridging social capital" refers to weaker ties among people who are from different ethnic, geographical, or occupational backgrounds but have similar economic status and political

influence.<sup>29</sup> In bridging relationships, people test new boundaries and try to gain a better understanding of the perspectives of others. Many professional and civic organizations foster bridging relationships.

Closely related to bridging capital, "linking social capital" embodies ties between individuals and those in higher positions of influence in formal organizations such as banks, agricultural extension offices, political bodies, schools, housing authorities, and the police.<sup>30</sup> These ties are the most likely to improve the economic position of poor people. Linking social capital reflects the notion that "[s]ocial capital is not just about getting by; it is also about getting ahead—gaining access to people and institutions that add information and decision-making clout."<sup>31</sup>

All three strands of social capital are critical to the economic development of distressed communities. If a hurricane struck a poor rural community, for example, bonding social capital could offer immediate practical help—food, comfort, assistance in cleaning up, and so forth. Bridging social capital might provide longer-term support—shelter or informal credit—and help tackle problems needing collective action. Linking social capital would be needed to provide access to a broader range of assets—for example, official aid.<sup>32</sup>

Poor people typically have plenty of bonding social capital—links with people in similar circumstances to themselves. They have some bridging social capital—scattered friends, acquaintances, and distant relatives in other areas. But they have nearly no linking social capital—no "friends in high places"—to help them deal with commercial, educational, legal, or political concerns.<sup>33</sup>

### Social Capital Not a Panacea

Social capital is not a stand-alone strategy for developing low-income communities. As one of many assets important for the economic development of poor communities, it acts to leverage other assets and help communities create responses to the circumstances that constrain them. Financial capacity, a trained workforce, an adequate physical infrastructure,



**Community developers must recruit neighborhood-oriented, community-based organizations—for example, community development corporations, churches, and youth programs—to engage low-income people handicapped in their job search by a lack of bridging and linking networks.**

and supportive public institutions and policies are needed to develop rich and poor communities alike. Most low-income communities severely lack several of these important assets and must develop some combination of them, along with social capital, to take full advantage of economic development opportunities.<sup>34</sup>

Some scholars herald social capital as “the most promising starting point for new directions in combating poverty.”<sup>35</sup> Others are less convinced. One particularly compelling criticism is that social capital has become all things to all people—and hence nothing to anyone.<sup>36</sup> The reason for the criticism lies in the imprecise definition of the term. Because researchers have attributed different meanings and measures to it, comparing research findings is difficult.<sup>37</sup>

Moreover, even enthusiasts concede that social capital is not always good, and more of it is not necessarily better. Indeed, social capital can be dysfunc-

tional and counterproductive. Some forms are highly exclusionary, narrow in their group orientation, or in other ways contrary to community well-being and the public good.<sup>38</sup> Putnam has referred to this as the dark side of social capital. As he points out, the Mafia contains social capital but directs it illegally and toward narrow group gain at the expense of others.<sup>39</sup> Similarly, researchers have documented rural communities where high levels of social capital cause parochialism and inertia. The social networks are closely protected, and there is a strong distrust of “outsiders,” defined as anyone who was not born in the community.<sup>40</sup>

Even ardent critics concede, however, that “analyses of social capital have highlighted an important aspect of socioeconomic behaviors which has been underemphasized by economists—the role of nonmarket relationships in determining individual and collective behavior.”<sup>41</sup>

## **A Social Capital–Based Model for Job Placement in Poor Communities**

### **Jobs, Jobs, Jobs**

Recent strategies to alleviate poverty have relied on the theory that an increase in private-sector jobs will produce an economic revitalization of poor communities and that a robust economy will create job opportunities for the poor. These ideas are supported, to a limited extent, by research and experience.<sup>42</sup> However, the state’s history during the unprecedented prosperity of the 1990s suggests that even when the economy produces record numbers of new jobs, poor people do not necessarily benefit proportionally. In times of slower job creation, the predicament is worse.

This section of the article focuses on efforts to connect the poor to private-sector jobs. In particular, it considers the role of social capital in supporting residential mobility, placed-based initiatives, and personal mobility efforts.

### **A Case of Urgency?**

The present slow economy presents the most compelling reason to become earnest about connecting low-income people to jobs. “[I]n the game of musical chairs,” notes a team of scholars, “everyone does not get to sit down if there are not enough seats.”<sup>43</sup> Although jobs continue to be created, there are too few of them. Competition is fierce and many low-income communities emerge with insufficient employment prospects. Moreover, those fortunate enough to secure a job find their wages, benefits, and opportunities for secure long-term employment permanently buffeted by technological innovation and globalization. These forces are far beyond the control of any individual job seeker<sup>44</sup> and render low-income people seeking “entry-level, low-skills jobs”<sup>45</sup> especially vulnerable.

In addition to general economic conditions, two recent federal laws have raised the significance of job training and placement, or “workforce development,” as it is now more commonly called. The first law, the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), made

job training and placement efforts for low-income people particularly important as federal welfare reform sought to eliminate the long-term eligibility for welfare benefits of employable applicants. North Carolina's programmatic response to the PRWORA, the Work First program, put approximately 113,000 low-income people into the state's labor market.<sup>46</sup>

The second law, the Workforce Investment Act (WIA), passed in 1998, reflects the nation's emphasis on preparing people for jobs. The WIA addresses three types of job seekers: adults, dislocated workers, and youth, providing each with basic services. Although its provisions are not limited to any population, the statute mandates that priority for higher-level training services be provided to recipients of public assistance and other low-income people. The services include job search assistance, assessment and case management, and job training provided by local one-stop job centers.

Although the WIA focuses on a broader population than welfare reform does, the confluence of the two laws is obvious. One has created an unprecedented need for job training for poor people, and the other has created a fresh approach to that and other job training needs. Unfortunately, the prospects of success are uncertain at best. Long-term welfare recipients looking for a job, as well as workers displaced from farms or from traditional industrialized employment, will not succeed just because they "undergo some training process, get stamped on the forehead as 'certified,' and get sent out into the street to make it."<sup>47</sup> As one scholar explains, "Formal training and certification play a far less important role in the allocation of many jobs than informal referral and vouching by incumbent workers . . ."<sup>48</sup>

### **Building Bonds and Bridges, and Leveraging Links**

Because social networks act as informal brokers of opportunity, any effort to alleviate poverty must seek to build links between job seekers and job networks. So what can be done? Obviously, individual job seekers must be supported by

"organizations that can break paths, open doors, insist on quality services, and negotiate collectively with employers and governments."<sup>49</sup> The North Carolina Fund's Manpower Improvement through Community Effort program sought to provide such support when it sent field workers into three impoverished areas in eastern North Carolina to find the unemployed and underemployed and assist them in obtaining jobs with local businesses.<sup>50</sup>

Today's community development organizations must take similar steps.

Community developers seeking to serve as agents in distressed communities have several options. First, they might invest more energy in workforce development. Second, they might try to understand better, and capitalize on, regional economies. Third, they might develop their own networks in order to build employment and business links for residents of the communities they serve. There already are promising pilots under way in North Carolina.

One particularly interesting effort is the New Choices Workforce Development Program, the labor of a community development consortium called Roanoke-Chowan Partners for Progress (hereinafter Partners). Partners includes local governments, not-for-profits, and other community-based organizations from Bertie, Gates, Hertford, and Northampton counties. Its lead organization is the Roanoke Electric Cooperative, a private not-for-profit organization committed to enhancing the economic opportunities of the impoverished region it serves. Partners identified health care as a growth sector in the regional economy and determined that Partners could serve as a broker to prepare and connect residents who lacked the skills and networks to job training services and regional health care employers. With funding from the Duke Endowment's Program for the Rural Carolinas, Partners has teamed up with the Roanoke-Chowan Hospital, the Hertford County Employ-

ment Security Commission's JobLink (the local one-stop center under the WIA), and the Gates County Cooperative Extension to build linkages on behalf of job seekers.<sup>51</sup>

As reflected by the New Choices Workforce Development Program, several groups are essential to establishing and expanding employment-enhancing networks: community

development organizations; community/neighborhood-based organizations; community colleges or other local employment training programs; economic developers (professionals who create jobs for a region, irrespective of the recipient, as distin-

guished from community developers, who focus on distressed communities and their residents); and regional employers (particularly businesses generating private-sector jobs) (see Figure 3). Working with those groups, community developers can connect residents to identified jobs through place-based initiatives, residential mobility, and personal mobility in the following ways:

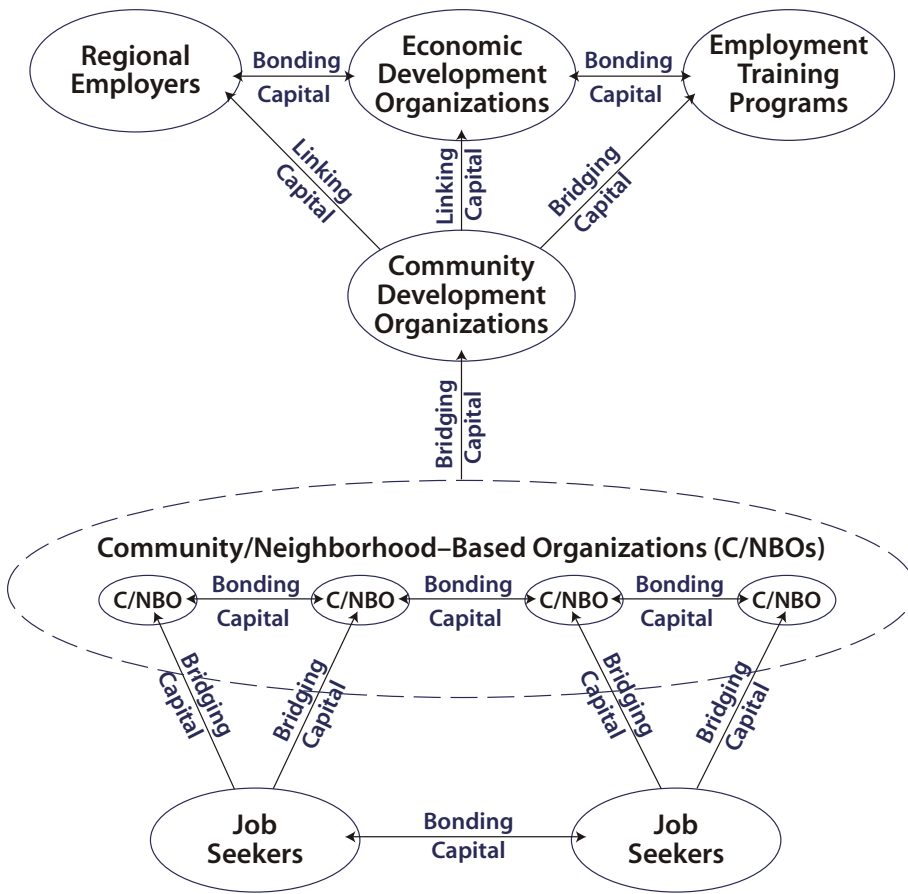
#### ***1. Build on the bonding capital that exists within a community by using local social capital to deliver workforce development programs.***

Typical workforce development programs do not recruit from specific communities and rarely generate neighborhood-level impacts. Programs that do focus on specific communities, particularly those with low-income residents, have meaningful advantages in engaging community residents who are not well served by mainstream systems. According to several studies of workforce development programs, convenient, good-quality, user-friendly services provided by a trusted community-based organization will draw residents who do not use the one-stop job centers mandated by the WIA and are not effectively served by other programs.<sup>52</sup>

Community developers must recruit neighborhood-oriented, community-based organizations—for example,

**Because social networks act as informal brokers of opportunity, any effort to alleviate poverty must seek to build links between job seekers and job networks.**

Figure 3. **Conceptual Scheme of a Social Capital–Based Approach to Job Access**



community development corporations, churches, and youth programs—to engage low-income people handicapped in their job search by a lack of bridging and linking networks.<sup>53</sup> These organizations have “shown themselves to be able to arrange skills training and placement for a nontrivial number of neighborhood residents into jobs paying above poverty-level wages . . .”<sup>54</sup>

Calling on community-based associations and organizations to participate in delivering job placement programs builds bonding social capital for individual job seekers and for community-based organizations. Job seekers will have new opportunities to interact with other job seekers in workforce development programs, thereby extending their information and referral network on both jobs and housing opportunities in more prosperous communities. These job seekers also will be able to pool their resources to support transportation to and from work located in communities outside the immediate neighborhood.

Also, participating institutions will strengthen their own bonding capital as they interact with other organizations supporting similar populations. As a result, the state will develop a network of organizations knowledgeable about and experienced at linking low-income residents to jobs.

North Carolina’s local governments have a rich and generally successful history of partnering with community-based organizations.<sup>55</sup> In community development most of the partnerships have focused on creating affordable housing. The same type of public-private partnership in workforce development has the potential to improve the effectiveness of programs, particularly for those residing in high-poverty communities.<sup>56</sup>

The federal government has recognized the limitations of traditional job placement programs and the potential for community-based organizations to improve the outcomes of job placement for low-income job seekers. The U.S. Department of Labor’s Center for

Faith-Based and Community Initiatives is providing funding to grassroots organizations and other nonprofit community development organizations to work with the One Stop Career Centers/Workforce Development System in helping people find, retain, and advance in employment.<sup>57</sup>

**2. Create enabling environments for bridging and linking capital.**

A community’s political and policy environment can encourage or discourage networks, particularly bridging and linking networks. An “enabling environment” is one that encourages networks. It includes good governance, a competent and transparent bureaucracy, and mechanisms to promote dialogue and resolve conflict among different groups.<sup>58</sup> Social capital for economic development can be built through community organizing that focuses on strategic planning, identifies community assets and liabilities, and involves community groups and residents in prioritizing objectives. In return, community residents can use social capital to ensure that economic development efforts improve their lives and strengthen their networks.

Community developers from the public, not-for-profit, and private sectors also need to establish and actively maintain stronger networks among themselves. A growing body of scholarship on social capital recognizes the role and importance of institutions and communities in economic development. If they are properly structured, opportunities for groups such as the chamber of commerce and the local community development corporation to work together on a job strategy provide breeding ground for bridging and linking capital for both the organizations and the people they serve. Such partnerships may allow employers to appreciate better the talent pool available in low-income communities, thereby correcting market misperceptions about both low-income communities and their residents. The corrections may result in the creation of jobs in places of high poverty or opportunities for people who live in these places to find jobs in the greater region.



### 3. Connect with employers in the regional economy.

“Any coherent jobs strategy for isolated poor communities must include an understanding of, and connection to, the regional economy.”<sup>59</sup> Since insufficient jobs exist in these poor communities, community developers must connect their residents to the greater regional economy. In addition, community developers must connect themselves to employers in the regional economy in order to appreciate the labor needs of regional employers.

One connection strategy employed by community development is “sectoral employment interventions” (SEIs). SEIs target selected occupations within growing “industry sectors” (groups of firms that have some commonality, such as similar products, technologies, or markets) to capture jobs and training opportunities. At the same time, they reform systems that have excluded low-income workers from economic opportunities. To achieve this dual function, SEIs call for a partnership among job training providers, employers, and community-based organizations. The members of the partnership seek to understand the targeted industry, its labor practices, and its employment training system. In addition, SEIs “pay special attention to the hiring practices of employers: not only who they hired, but how they hired and where they hired from.”<sup>60</sup> “On the basis of these analyses, SEIs structure comprehensive workforce development programs that not only prepare lower-skilled workers for jobs in the targeted sector, but also reform industry-wide hiring practices by helping employers address institutional barriers that block employment for poor workers.”<sup>61</sup> Barriers often include not having the right networks.

### 4. Invest in social capital.

Investing in social capital means giving direct support to existing and emerging civic organizations, especially those with membership that cuts across

economic lines. The public sector can invest in these organizations through grants for general operating support, partnerships to provide service delivery, and programs of technical assistance. This allows organizations to create bonds, bridges, and links for poor communities.

### 5. Do no harm.

At the very least, community developers should seek to ensure that their efforts do not undermine the social capital that already exists in communities. Past community efforts, particularly the federal Urban Renewal program (which ended in 1974), have been criticized for destroying the sense of community and the social networks that existed in low-income places (for example, by sometimes relocating the few people and businesses that could provide bridging and linking capital for their neighbors, and bulldozing neighborhoods).<sup>62</sup> Assessments of social capital should be a part of community and economic development programs. Such assessments would prevent projects from weakening existing social capital and suggest ways to strengthen it.

### Conclusion

Much of the conventional wisdom regarding social capital is summed up in the common aphorism “It’s not what you know, it’s *who* you know.” It is wisdom born of experience that personal contacts matter in close competition for jobs. Experience teaches that family, friends, and associates are an important asset, one that can be called on in a crisis, enjoyed for its own sake, and used for material gain. As well, experience suggests that addressing individual poverty by finding jobs for people “is highly dependent on the extent to which individuals are embedded in a set of employment-enhancing social networks.”<sup>63</sup> What experience and wisdom suggest, research explains. Studies on social capital make clear

that how people associate with each other, and on what terms, has enormous implications for their economic well-being, whether they live in rich or poor communities.

Social networks are not particularly amenable to policy intervention. State and local lawmakers “can not legislate friendship or informal job contacts or mentoring relationships . . .”<sup>64</sup> Neither can community developers simply will informal social capital into the programs they administer. At the same time, the power of social capital is “too evident to be ignored in public debate, policy, and planning.”<sup>65</sup> Policy makers and community developers have little choice. They must find innovative ways to compensate for and build social capital—especially linking capital—in poor communities if they are to help the residents of those communities find jobs.

### Notes

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2. Mark R. Warren et al., *The Role of Social Capital in Combating Poverty*, in *SOCIAL CAPITAL AND POOR COMMUNITIES* (Susan Saegert et al. eds., New York: Sage Foundation, 2001).
3. Robert D. Putnam, *The Prosperous Community: Social Capital and Public Life*, 13 *AMERICAN PROSPECT* 35 (1993).
4. Jeanne Brooks-Gunn et al., *Do Neighborhoods Affect Child and Adolescent Development?* 99 *AMERICAN SOCIOLOGY* 353 (1993).
5. Jonathan Crane, *The Epidemic Theory of Ghettos and Neighborhoods: Effects on Dropping Out and Teenage Childbearing*, 96 *AMERICAN JOURNAL OF SOCIOLOGY* 1226 (1991).
6. Douglas S. Massey et al., *Segregation, the Concentration of Poverty, and the Life Chances of Individuals*, 20 *SOCIAL SCIENCE RESEARCH* 397 (1991).
7. John B. Enberg & T. Kim, *Person or Place? Sources of Intra-Metropolitan Earnings Variation* (1993) (unpublished manuscript, Heinz Sch. of Public Policy and Management, Carnegie Mellon Univ.).
8. See, e.g., George Galster & Sean P. Killen, *The Geography of Opportunity: A Reconnaissance and Conceptual Framework*, 6 *HOUSING POLICY DEBATE* no. 1, p. 7 (1995); Keith Ihlanfeldt, *The Geography of Economic and Social Opportunity within Metropolitan Areas*, in *GOVERNANCE AND OPPORTUNITY IN METROPOLITAN AMERICA* 201 (Alan Altshuler et al. eds., Washington, D.C.: National

**“Any coherent jobs strategy for isolated poor communities must include an understanding of, and connection to, the regional economy.”**

- Academy Press); James E. Rosenbaum, *Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program*, 6 HOUSING POLICY DEBATE 231 (1995).
9. See E. Douglass Williams & Richard H. Sander, *The Prospects for "Putting America to Work" in the Inner City*, 81 GEORGETOWN LAW JOURNAL 2003 (1993).
10. WILLIAM JULIUS WILSON, THE TRULY DISADVANTAGED: THE INNER CITY, THE UNDERCLASS, AND PUBLIC POLICY 7-9, 46-62 (Chicago: University of Chicago Press, 1987); Thomas S. Lyons, *Building Social Capital for Rural Enterprise Development: Three Case Studies in the United States*, 7 JOURNAL OF DEVELOPMENT ENTREPRENEURSHIP 193 (2002).
11. ROBERT J. CHASKIN ET AL., BUILDING COMMUNITY CAPACITY (New York: Aldine De Gruyter, 2001).
12. David L. Debertin, *A Comparison of Social Capital in Rural and Urban Settings*, available at [www.Uky.edu/~deberti/socsaec.htm](http://www.Uky.edu/~deberti/socsaec.htm) (last modified Apr. 1, 2003).
13. WILSON, THE TRULY DISADVANTAGED, at 7-9, 46-62. Obvious and significant differences exist between the causes of concentrated rural poverty and those of urban poverty. For purposes of this article, the issue is not the causes but the consequences.
14. HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 36; BARBARA EHRENREICH, NICKEL AND DIMED: ON (NOT) GETTING BY IN AMERICA (New York: Metropolitan Books, 2001).
15. FRIEDA MOLINA, MAKING CONNECTIONS: A STUDY OF EMPLOYMENT LINKAGE PROGRAMS 15 (Washington, D.C.: Center for Community Change, 1998), citing WILSON, THE TRULY DISADVANTAGED.
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18. See Ihlanfeldt, *Geography of Economic and Social Opportunity*, at 230.
19. *Id.*
20. *Id.*
21. *Id.*
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24. HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 33.
25. Nan Lin, *Building a Network Theory of Social Capital*, 22 CONNECTIONS 28 (1999), available at [www.analytictech.com/mb874/lin-socialcapital.html](http://www.analytictech.com/mb874/lin-socialcapital.html) (last visited Apr. 9, 2003).
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28. *Id.*; Warren et al., *The Role of Social Capital*.
29. Mark S. Granovetter, *The Strength of Weaker Ties*, 78 AMERICAN JOURNAL OF SOCIOLOGY 1360 (1973).
30. See Warren et al., *The Role of Social Capital*; Woolcock, *Social Capital*.
31. XAVIER DE SOUZA BRIGGS & E. MUELLER, FROM NEIGHBORHOOD TO COMMUNITY: EVIDENCE OF THE SOCIAL EFFECTS OF COMMUNITY DEVELOPMENT (New York: Community Dev. Research Center, New Sch. for Social Research, 1997).
32. The World Bank Group, *Social Capital Home*, available at [www.worldbank.org/poverty/scapital](http://www.worldbank.org/poverty/scapital) (last visited Mar. 23, 2003).
33. *Id.*
34. See Warren et al., *The Role of Social Capital*, at 4.
35. *Id.* at 2.
36. See Woolcock, *Social Capital*, at 155-56.
37. Moreover, researchers have not reached consensus on whether social capital benefits groups or just individuals. This has further confounded the theories and conclusions from the research.
38. Alejandro Portes, *Social Capital: Its Origins and Applications in Modern Sociology*, 24 ANNUAL REVIEW OF SOCIOLOGY 1 (1998).
39. ROBERT PUTNAM, BOWLING ALONE: THE COLLAPSE AND REVIVAL OF AMERICAN COMMUNITY (New York: Simon & Schuster, 2000).
40. Cynthia Duncan, *Social Capital in America's Poor Rural Communities*, in SOCIAL CAPITAL AND POOR COMMUNITIES 60 (Susan Saegert et al. eds., New York: Sage Foundation, 2001).
41. Steven N. Durlauf, *The "Case" against Social Capital*, 20 FOCUS 3 (1999).
42. See, e.g., Timothy Bartik, *Who Benefits from State and Local Development Policies?* (Kalamazoo, Mich.: W. E. Upjohn Inst. for Employment Research, 1991); Timothy Bartik, *The Effects of Metropolitan Job Growth on the Size Distribution of Family Income*, 34 JOURNAL OF REGIONAL SCIENCE 483 (1994).
43. HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 24.
44. *Id.* at 23.
45. "Entry-level, low-skills jobs" are defined by the Bureau of Labor Statistics as "jobs that can be learned quickly and that generally do not require post-secondary education." HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 10.
46. See *Work First—About Work First*, North Carolina Dep't of Health and Human Servs., at [www.dhhs.state.nc.us/dss/ei/ei\\_hm.htm](http://www.dhhs.state.nc.us/dss/ei/ei_hm.htm) (last visited Apr. 19, 2003).
47. *Id.* at 35.
48. William H. Simon, *The Community Economic Development Movement*, 2002 WISCONSIN LAW REVIEW 377, 406.
49. HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 39.
50. *North Carolina Fund: Historical Note*, available at [www.lib.unc.edu/mss/inv/n/North\\_Carolina\\_Fund/hist.htm](http://www.lib.unc.edu/mss/inv/n/North_Carolina_Fund/hist.htm) (last visited Apr. 9, 2003).
51. For more information on the New Choices Workforce Development Program, contact Curtis Wynn or Diana Mitchell, Roanoke Electric Cooperative, 409 North Main St., P.O. Box 440, Rich Square, NC 27869, phone (252) 539-2236, fax (252) 539-3021.
52. See MOLINA, MAKING CONNECTIONS; HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS; OKAGAKI ET AL., STRENGTHENING RURAL ECONOMIES.
53. *Id.* However, these community-based organizations should not seek to re-create the full spectrum of workforce development services. Instead, they should leverage their advantage in engaging residents and systematically link residents to existing workforce development programs and other resources that will lead to improved employment.
54. HARRISON & WEISS, WORKFORCE DEVELOPMENT NETWORKS, at 2.
55. Anita R. Brown-Graham, *Thinking Globally, Acting Locally: Community-Based Development Organizations and Local Governments Transform Troubled Neighborhoods*, POPULAR GOVERNMENT, Winter/Spring 1996, p. 2.
56. I do not argue here that community-based organizations themselves should typically offer job training or creation. The skills needed to develop low-cost housing for poor people do not easily transfer to the development of jobs or training for jobs.
57. For more information, visit the Center for Faith-Based and Community Initiatives' website at [www.dol.gov/cfbci/funding.htm](http://www.dol.gov/cfbci/funding.htm).
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59. Greg Volz & Brad Caftel, *Job Strategies in the Era of Welfare Reform: A Community-Based Model of Legal Services*, 33 JOURNAL OF POVERTY LAW AND POLICY/CLEARINGHOUSE REVIEW 569 (2000).
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62. See, e.g., Simon, *The Community Economic Development Movement*, at 381.
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64. BRIGGS & MUELLER, FROM NEIGHBORHOOD TO COMMUNITY, at 6.
65. *Id.* at 7.