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## Impact of Asset Ownership on Social Inclusion

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# **Impact of Asset Ownership on Social Inclusion**

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## **ABSTRACT Overview**

Persistent poverty and social exclusion suggest the need for more innovative interventions to reduce severe need and create terms for meaningful participation of vulnerable individuals in economic, political, and social exchange. One such innovation is asset ownership. This study explores the relationship between asset ownership and social inclusion using the human capabilities approach. Findings indicate a significant relationship, suggesting a role for asset-based policy and programs in interventions to foster social inclusion.

**Key Words:** Asset ownership; Poverty; Social Exclusion/Inclusion; Welfare; Vulnerability

## **Introduction and Background**

Wealth and income inequalities have been on the increase since the 1980s. In 1965, the average per capita income of the G7, now G8, countries was 20 times that of the 7 poorest nations; by 1995, this figure had almost doubled (Schiller, 2004; Seipel, 2000). During this period, the income share of the richest 20 per cent continued to rise almost everywhere, widening the gap between the rich and the poor. Wealth inequality has also risen dramatically. A recent Human Development Report (UNDP, 2001) indicates that the top quintile now controls 86 per cent of global wealth. A striking feature of this phenomenon is that, while the rich are getting richer, those at the bottom have failed to see any real gains in well-being, and in some cases have endured significant declines in living standards (Schiller, 2004; World Bank, 2000).

Within nations, urban inequality, evidenced in social and political isolation of vulnerable individuals and groups, has increased considerably. For example, in the United States since the 1980s, social isolation and the disenfranchisement of poor and minority groups have become more marked, more concentrated, and more firmly implanted in inner city neighborhoods (Wacquant, 1997; Wilson, 1996). Furthermore, labor markets have become more fragmented and less stable. New technologies have continued to push individuals who were once well integrated into mainstream society towards the margins (Wacquant, 1997; World Bank, 2000). Moreover, the current welfare restructuring has reduced the buffering effects of social policies, leaving vulnerable individuals at greater disadvantage.

The persistence of poverty and social exclusion suggest the need for more innovative interventions to reduce severe need and create terms for meaningful

participation of vulnerable individuals in activities that are central in the life of their communities (Bhalla, et al., 1999; Rodgers, 1995). One such innovation is the asset-based perspective of welfare proposed by Sherraden (1991), which is increasingly being explored as a potential intervention to combat social exclusion and enhance social participation (Duran, 2002; Paxton, 2001).

Indeed, research evidence has begun to document positive effects of Individual Development Accounts (IDAs), matched savings accounts, and asset ownership on vulnerable individuals and households (e.g., Bynner, 2001; McBride et al, 2003; Pandey, 2003). Building on this effort, this study examines impacts of asset ownership on social inclusion using the human capabilities approach proposed by Sen (1987; 1993).

## **Conceptual Definitions**

### ***Social Inclusion***

The origins of the social exclusion/inclusion discourse are somewhat obscure. The concept may have originated in French Republican rhetoric in the 1960s and 1970s. During that period, social exclusion designated the shameful and visible condition of people living on the fringe of economic advancement. This group consisted of traditional marginal groups, such as persons with disability, the mentally handicapped, the aged, and lone parents.

The discourse began to gain prominence in policy and political debates as well as in academia at the beginning of the 1990s with the emergence of ‘the new poor’; referring to persons previously well integrated into mainstream society who had slipped to the margins due to new and multiple forms of social disadvantage, e.g., precarious jobs, unemployment, cultural alienation, immigration, weakening of familial networks,

and loss of status. In linguistic terms, the concept of social exclusion/inclusion is derived from the Latin word *inclusio* referring to the act of including. It implies the existence of two distinct groups, one being socially included, and the other not sharing the characteristics of the first group, hence, excluded from whatever the first group has access to (Mayes, 2001).

Broadly defined, social exclusion/inclusion is said to be a multidimensional concept delineating a process through which individuals and groups are partially or wholly excluded from or included in participation in their society (Democratic Dialogue, 1995). Social exclusion/inclusion is also seen as the failure of one or more of the four social institutions that can integrate individuals and groups into the societal community. These include: the democratic institution, which promotes civic integration; the labor market, which facilitates economic integration; the welfare state, which promotes social integration; and the family and other social networks, which foster integration into the local community (Bhalla et al., 1999).

More specifically, social exclusion is defined as “a blend of multidimensional and mutually reinforcing processes of deprivation associated with a progressive disassociation from social milieu resulting in the isolation of individuals and groups from the mainstream of opportunity a society has to offer” (Mayes, 2001, p. 37). On the other hand, social inclusion is seen as a device or strategy for dealing with the consequences of social dislocation, whose primary concern is the creation and maximization of opportunities for meaningful participation of vulnerable individuals/groups in economic, social, and political exchange under conditions which enhance their well-being and individual capabilities (Bhalla et al., 1999; Democratic Dialogue, 1995).

### *Asset-based Welfare*

The asset-based perspective was benchmarked by Sherraden (1991), who introduced the idea of asset-based welfare and took initial steps towards theory development. He challenged the traditional views of welfare for their heavy reliance on income-based interventions to relieve poverty and deprivation among vulnerable persons. He suggested instead stocks of wealth that an individual/household holds are a major determinant of wellbeing. Alongside a number of measures, including income, Sherraden proposed asset ownership (in the form of home, small business, education, etc.) as an intervention that might promote development and inclusion.

This perspective has been reinforced by two considerations. First, is the issue of fairness; asset-building policies currently in place (e.g., tax incentives for contributions in retirement accounts, and mortgage interest payment incentives) offer or encourage subsidies for individuals/households to acquire assets such as financial savings, homeownership, and retirement funds. These policies often do not reach the poor for whom policy does not stimulate saving and often discourages it through asset/income limits inherent in most means tested programs (Sherraden, 1991). Second, research evidence has begun to demonstrate that, within the context of matched saving account programs; specifically, Individual Development Account programs (IDAs), the poor can save albeit in modest amounts and usually at great sacrifice, to acquire assets (Sherraden, 2001; Duran, 2002).

## **Justifications for Asset ownership as an Intervention for Social Inclusion**

### ***The asset effect***

In the past few years there has seen a resurgence of the view that participation in activities that are central to the life of a community is influenced by the personal and community resources an individual can draw upon, such as family, social networks, and assets. Research evidence has begun to document positive effects of asset ownership on vulnerable individuals and households (e.g., Bynner, 2001; McBride et al., 2003; Pandey, 2003). In a study using the Panel Study of Income Dynamics, Yadama and Sherraden (1996) indicate that asset ownership is positively associated with efficacy and greater orientation towards the future. Moore and associates (2001), in a study assessing asset effects on IDA program participants, report that over 60% of respondents indicated that IDA participation had positively impacted their lives.

In a study examining the experiences of women in a micro-enterprise program in Cameroon, Mayoux (2001) finds a positive relationship between asset ownership and three measures of empowerment used in her study. She notes that asset ownership is positively associated with increased income, increased participation in decision-making and ability to negotiate change within the household. Research also indicates a positive asset effect on mothers' expectations and children's educational outcomes, particularly, that saving is positively associated with children's high school graduation, and homeownership with children's academic performance (Zhan & Sherraden, 2003).

In a recent study examining asset effects on women in urban households in Nepal, Pandey (2003) notes that women who own assets were more likely to hold bank accounts, and make household financial decisions. The investigator also found that property

owners indicated higher rates of civic engagement and satisfaction with their lives. Asset ownership has also been shown to be positively associated with civic behavior. Research indicates that people who own their own homes are more likely to be involved in neighborhood and community associations (see, Rohe et al., 1994; Pandey, 2003).

### ***Policy Developments***

Asset ownership through IDAs and similar programs has been gaining momentum in the United States and has received bipartisan support in federal and state legislation. The 1996 “Welfare Reform Act” included IDAs as a state option. In 1998, the Assets for Independence Act (AFIA) authorized \$125 million to be used in account matching and limited administrative funds for an IDA demonstration over a five-year period. Current estimates are that at least 500 IDA programs have been developed in 49 states since 1991 (Edwards & Mason, 2003).

This perspective has also received attention in Canada, Taiwan, Sub-Saharan Africa, and the United Kingdom where pilot programs are emerging. Two asset-based policies were announced by the British government in 2001: the Child Trust Fund, aimed at ensuring all British children reach adulthood with an asset, and Saving Gateway, which is focused on asset accumulation among low-income households (H.M. Treasury, 2001; Paxton, 2001). If, as indicated by the evidence reviewed, asset ownership produces positive effects, then the question of how to escape vulnerability and enhance social inclusion is, in part, a question of how to save and accumulate assets.

## **Theoretical Perspective**

This study utilizes the human capabilities approach popularized by Sen and more recently by the works of Nussbaum (Nussbaum, 1995; 2003; Sen, 1987; 1993). The theory posits that attaining adequate functioning or leading the life one has reason to value is enhanced by capabilities and the commodity set or goods and services an individual can draw upon, including financial, tangible, and intangible assets.

Generally, the theory is defined by three vectors: capabilities, commodities, and functionings. Capabilities, as used here, are closely related to the idea of opportunity; they reflect alternative combinations of freedoms and choices available to an individual. Commodities identify the goods and services available to an individual. Functionings represent the various things an individual is able to do or be in leading the life she has reason to value (Crocker, 1995; Poggi, 2003; Sen, 1999).

Applied to this study, the theory takes on a narrower more specific focus. It draws from the recent works of development economists who have defined social exclusion in terms of capability deprivation or reduced ability to accumulate the resources, material and relational, which are essential for social functioning (Poggi, 2003; Tsakloglou et al., 2001). These scholars have identified a multidimensional list of functionings covering five broad areas: cultural, economic, ethnic, political, and social through which individual or household welfare can be assessed. Using this as a starting point this study suggests that IDA participation is an opportunity which will influence asset ownership or the commodity set available to an individual; in turn, impacting social inclusion (see Figure 1). SEE FIGURE 1.

## **Hypotheses**

The study advanced the following hypotheses:

1. Asset ownership will be positively associated with participation in an IDA program;
2. Participation in an IDA program will be positively associated with social inclusion;
3. Asset ownership will be positively associated with social inclusion; specifically that it will lead to increased economic, political, and social participation.

The study also poses a number of descriptive questions to determine how effectively the IDA program in question is reaching vulnerable individuals/households.

## **Methods**

### ***Data Description***

The study uses data from two primary sources from the American Dream Demonstration (ADD), which is the first and most extensive national study of Individual Development Account programs (Schreiner et al., 2002). These include data from the Management Information System for Individual Development Accounts, MIS IDA, a computer software designed by the Center for Social Development at Washington University to monitor saving transactions for IDA program participants; and a longitudinal experiment conducted at an IDA experimental site in Tulsa.

The experimental data were collected from qualified IDA program applicants randomly assigned to a control and experimental group. The experimental group (n=537) had access to an IDA while the control group (n=566) did not. The survey was administered to respondents at three time periods: the first administration was conducted

immediately after assignment and follow-up surveys conducted at 18, and 48 months intervals (October 1998 to September 2003). A total of 1,103 respondents completed the first wave, which was administered through face-to-face interviews. The second wave of the survey was mainly administered through telephone interviews and has a response rate of 85 per cent. Telephone interviews were again used to collect data for wave three, which was completed by 412 respondents in the experimental and 428 in the control group, for a response rate of 76 per cent (N=840). The survey contains about 200 items, most of which are measured at the nominal or ordinal level. The validity of the survey was assessed by expert review of content; its reliability has not been tested.

### ***The study sample***

The sample for this study consists only of respondents who satisfied at least three characteristics associated with social exclusion; and participated in the three waves of the survey (N=736). As is the case with most longitudinal surveys, some respondents who participated in the first wave were lost in subsequent waves. Across the three waves, this study has a dropout rate of 22 percent. A dropout rate of 22 percent, for a longitudinal survey conducted over a four-year period with a low-income sample, is deemed to be within the acceptable range (Allison, 2002; Downey & King, 1998).

### ***Measurement of Variables***

The measure of *IDA participation* only reflects one aspect of participating in an IDA program, the level of IDA savings outcomes. Variables used to identify IDA participation include the following: average monthly net deposit, AMND, defined as net deposits per month for the period in which the participant is engaged in the program; deposit frequency, DF, reflecting the number of months with a deposit divided by the

number of months the participant has been in the program; and saving rate, SR, the ratio of the average monthly net deposit to gross monthly household income. The variables used to measure IDA participation are taken from MIS IDA; hence, reflect an accurate representation of both deposits and withdrawals (see Schreiner et al., 2001, for a detailed description of these variables). These variables are lagged from waves 2 through 3, representing IDA participation for the total contact period (4 years).

The measure of *asset ownership* captures allowable assets in the IDA program yielding data for this study: general and financial assets. General assets include educational skills, homeownership and small business-ownership; financial assets include home value, business value, and balance in respondent's IDA. These variables are measured at the nominal and ratio levels. For example, homeownership and small business-ownership are assessed through two categories of questions, a nominal and ratio level question; respondents are asked whether they own their home or small business. Respondents who own a home or small business are assigned a score of one and those who do not a score of zero. Individuals answering 'yes' to this question are then asked to indicate the estimate value of the asset owned (forming a theoretical range of 0 to total estimate value of asset owned). Savings in a respondent's IDA is measured through MIS IDA, a system providing data on deposits and withdrawals directly from financial institutions holding the participant's savings account (theoretical range = 0 to total sum of savings held in the respondent's IDA).

*Education*, at wave one, is assessed in terms of the years of schooling (theoretical range of 0 to 14). At waves two and three, change in education is measured through an index of educational skills acquired, created from questions respondents are asked over

each time interval e.g., Have you taken a class that counted towards a degree or certificate since the last interview? Since the last interview, have you completed a job-training program with a certificate? Since the last interview, have you graduated from school with a degree? This variable has a theoretical range of 0 to 6.

*Social inclusion* is an outcome variable measured on three dimensions. It is conceptualized in terms of the key areas of functioning or participation in the life of any given community. It reflects participation in economic, political, and social life. Items on each dimension are assigned a score, such that a score of 1 means the functioning has been achieved and a zero inability to attain the said functioning. An overall measure of social inclusion (theoretical range 0-29) is created from items on each of the three dimensions. Ten items reflect the economic dimension: ability to afford basic needs, e.g., food, clothing, and medical care, etc.; and ability to make ends meet. An index of economic participation is created from these items (theoretical range is 0 to 10). Political participation is assessed through asking the respondent whether she/he has voted in an election, called or written to a public official, and, or supported a candidate for public office. An index of political participation is created from these items (theoretical range is 0 to 3). Social participation is categorized as a respondent's involvement in her community and relationship with members of her community (16 items). An index of social participation, whose theoretical range is 0 to 16, is created from these items.

### **Statistical Analyses**

A series of univariate statistical procedures are performed to describe and summarize certain aspects of the data. Socio-demographic and economic characteristics of the experimental and control groups are also compared to ascertain whether or not the

two groups are similar at baseline. Multivariate statistical procedures – OLS regression and binary logistic regression – are utilized to understand the overall impact of the intervention, IDA participation, on asset ownership and social inclusion. To assess the hypothesized relationships, multiple regression is performed when the dependent variable is continuous, and when the dependent variable is dichotomous, e.g., do you own a home - yes/no, binary logistic regression is used to assess the effects of the independent variables on group membership. These procedures involve regressing the dependent variable, Time 3, on each set of independent variables, Time 3, while controlling for demographic and baseline effects of the dependent variable in each model. As observed by previous studies (see e.g., McBride, 2002; Ostrom, 1978) the use of this model takes into account the fact that it takes time for the effects of the independent variables to be indicated; hence, the time lapse between the intervention and Time 2 (18 months into the program) may not be adequate. Also, by controlling for previous levels of the dependent variables the independent variables in each model are in effect predicting their overall impact on the dependent variable across the three time periods (Ostrom, 1978).

Prior to the analysis of main effects, a series of preliminary multivariate analyses are performed to examine the study variables for evidence of collinearity as well to assess the extent to which assumptions of regression are met. An inspection of the scatterplots of the error terms and predictor variables suggest the relationships are within the acceptable range; linearity, normality, and homoscedasticity are assumed. Zero-order correlations calculated among the independent variables in each model did not reveal evidence of multicollinearity (correlations were in the range of 0.40).

## Results

### *Sample characteristics*

Most of the respondents are female at 83 percent. By race/ethnicity, 46 percent are Caucasian, 42 percent African Americans, 2 percent Latino, 1 percent Asian/Asian American, 6 percent Native Americans, while 3 percent identify themselves as other. Respondents average 36.5 in age (SD=10). In terms of marital status, 41 percent are single (never been married), 24 percent married, 32 percent divorced or separated, and 3 percent widowed. Most of the respondents (70 percent) live in households with at least two children under the age of 17 whom the respondent is legally responsible for. The majority have mid-range education, suggesting that they have high school and some college education, 88 percent. Ninety-nine percent are employed full time, and work about 37 hours per week with an average monthly income of \$1,469. Forty-four percent receive some form of public assistance, e.g., 13 percent are in public housing, and 28 percent receive means tested income. About 24 percent own a home and 7 percent a small business (see Table 1).

At baseline, the two groups are not significantly different in terms of demographic characteristics. Also, their rates of economic, political, and social participation appear to be comparable. However, the two groups are significantly different in terms of marital status ( $X^2=8.08$ ;  $df=3$ ;  $p<.001$ ), with respondents in the control group more likely to be single/never been married compared to respondents in the experimental group. The two groups are also different in other aspects, such as asset ownership, with the control group reporting, on average, higher home values (mean=\$10,997 vs. \$9,392). SEE TABLE 1.

### ***Treatment effects on overall sample***

Results obtained from the procedures in which Time 3 asset ownership and social inclusion variables were in turn regressed on the intervention variable (lagged IDA participation) while controlling for demographic and baseline effects of the dependent variables produced significant models. However, examination of regression coefficients suggests that the intervention only appeared to have a moderate influence on home value ( $b=5514.27$ ,  $t(659)=1.87$ ,  $p\leq.06$ ). To examine the hypothesized relationships, the next section focuses on the associations between study variables among IDA participants only ( $n=361$ ).

### ***IDA Participation Effects on Asset Ownership***

Results pertaining to hypothesis 1, examining the relationship between IDA participation (AMND, saving rate, and deposit frequency) and asset ownership (home value, homeownership, small business ownership, index of educational skills, and balance in respondent's IDA) are presented in Table 2. The regression analysis of the first model, home value regressed on IDA participation indicates the overall model significantly predicts home value and accounts for 36 percent of the variance in the dependent variable [ $F(3, 283)=52.29$ ,  $p<.01$ ]. Controlling for demographic variables and baseline effects, only average monthly net deposit (AMND) significantly contributes to the model ( $b=497.45$ ,  $t(283)=5.47$ ,  $p<.01$ ).

Results of the second model, assessing impacts of IDA participation on balance in respondent's IDA, indicate that the model is significant [ $F(1, 269)=21.37$ ,  $p<.01$ ] and explains 7 percent of the variance in the dependent variable. Controlling for the other

variables in the model, only AMND makes a significant contribution to the model ( $b=8.71$ ,  $t(269)=4.62$ ,  $p<.01$ ). Results of the third regression model, business value regressed on IDA participation, indicates a significant result and accounts for 13 percent of the variance in the dependent variable [ $F(2, 291)=20.92$ ,  $P<.01$ ]. Controlling for baseline effects and demographic variables, two variables – deposit frequency and saving rate – significantly contribute to the model ( $b=-17026.80$ ,  $t(291)=-2.43$ ,  $p<.01$ ;  $b=4467.39$ ,  $t(291)=6.39$ ,  $p\leq.01$ ).

Results obtained from the fourth model, homeownership regressed on IDA participation, suggest that the overall model of the three predictors (AMND, saving rate, and deposit frequency) is statistically significant in predicting group membership (homeownership/non-homeownership) among IDA participants ( $X^2=118.24$ ,  $df=5$ ,  $p<.01$ ). Wald statistics indicate that only one variable, AMND, significantly predicts homeownership after controlling for demographic variables and effects of baseline homeownership. The Wald chi-square statistics and the rank order of the independent variables in terms of their association with the dependent variable are presented in Table 2. This study did not indicate any association between IDA participation and small business ownership; IDA participation and index of educational skills. Thus, full support cannot be claimed for the first hypothesis. SEE TABLE 2.

### ***IDA Participation Effects on Social Inclusion***

Findings pertaining to hypothesis 2, examining the relationship between IDA participation (AMND, saving rate, and deposit frequency) and social inclusion (social inclusion index, economic, political, and social participation) are presented in Table 3.

The model summary of the first procedure, index of social inclusion regressed on IDA participation, indicates a significant result and explains 42 percent of the variance in social inclusion. Suggesting that the independent variables in the model are predictors of social inclusion among IDA participants [F (6, 279)=34.14,  $p<.01$ ]. Regression coefficients specify that, controlling for demographic variable and baseline effects of the dependent variable, only AMND contributes meaningfully to the model [b=2.29E-02, t (279)=3.28,  $p<.01$ ].

Results of the second regression model, economic participation regressed on IDA participation, indicates a significant model, accounting for 49 percent of the variance in economic participation [F (4, 281)=67.38,  $P<.01$ ]. Controlling for baseline effects and demographic variables, only AMND significantly contributes to the model (b=1.98E-02, t (281)=5.17,  $p<.01$ ). This study finds no association between IDA participation and political participation or IDA participation and social participation. Hence, only partial support can be claimed for the second hypothesis. SEE TABLE 3.

### ***Asset Ownership Effects on Social Inclusion***

Results pertaining to hypothesis 3, which examines the association between asset ownership (financial and general assets) and social inclusion (social inclusion index, economic, political, and social participation), are presented in Table 4. The first model, index of social inclusion regressed on financial asset, current balance in IDA, business and home value, is significant [F (6, 269)=30.21,  $p<.01$ ] and explains 40 percent of the variance in social inclusion. Controlling for the effects of baseline social inclusion and demographic variables, two financial assets – home value and balance in a respondent's

IDA – contribute significantly to the model [ $b=9.64E-06$ ,  $t(269)=2.29$ ,  $p<.01$ ;  $b=6.93E-04$ ,  $t(269)=2.73$ ,  $p<.01$ ].

Additionally, general assets (index of educational skills, homeownership, and small business-ownership) significantly predict social inclusion [ $F(5, 316)=41.62$ ,  $p<.01$ ]. The variables in the model explain 40 percent of the variance in social inclusion. Controlling for baseline effects of the dependent variable and demographic variables only index of educational skills makes a significant contribution to the model [ $b=.35$ ,  $t(316)=3.31$ ,  $p<.01$ ].

Results of the third model, economic participation regressed on financial assets reveal a significant model [ $f(5,275)=49.06$ ,  $p<.01$ ] and explains 48 percent of the variance in the dependent variable. Regression coefficients indicate that controlling for the effects of baseline and demographic variables, home value and current balance in IDA significantly contribute to the model [ $b=6.51E-06$ ,  $t(275)=2.70$ ,  $p<.01$ ] and ( $b=5.68E-04$ ,  $t(275)=3.93$ ,  $p<.01$ ].

Economic participation regressed on general assets also produce a significant model [ $f(4, 317)=60.76$ ,  $p<.01$ ] and explains 43 percent of the variance in the dependent variable. However, controlling for demographic and baseline effects, only homeownership significantly contributes to the model [ $b=.64$ ,  $t(317)=3.11$ ,  $p<.01$ ].

The fifth model, political participation regressed on general assets is significant and explains 24 percent of the variance in political participation [ $F(4, 327)=36.24$ ,  $p<.01$ ]. Regression coefficients reveal that only index of educational skills, controlling for baseline and demographic effects, makes a significant contribution to this model [ $b=6.20E-02$ ,  $t(327)=2.30$ ,  $p<.01$ ].

The final model, social participation regressed on general assets, produced a significant result, accounting for 27 percent of the variance in social participation [ $F(2, 328)=42.46, p<.01$ ]. Among the general assets, only index of educational skills significantly contributes to this model [ $b=.29, t(328)=2.03, p<.01$ ]. Financial assets are not associated with either political or social participation. Therefore, the third hypothesis is not fully supported. SEE TABLE 4.

### **Discussion and Implications**

Findings from this study suggest that IDA participation and asset ownership may be important factors in understanding the relationship between vulnerability and inclusion. For the overall sample, little evidence of treatment effects on both asset ownership and social inclusion are indicated. Treatment only appears to have a moderate impact on asset ownership, begging the question do IDAs work for the working poor?

We answer this question by looking only at the experimental group, which is, in fact, the focus of the hypothesized relationships. The study found a positive association between IDA participation and homeownership as well as IDA participation and ownership of all financial assets. This finding may have significant implications in that, AMND (average monthly net deposit), the key indicator of saving outcomes in an IDA, is the only IDA participation variable associated with asset ownership. In fact, previous research indicates that greater AMND implies greater saving and therefore may translate into asset accumulation (Schreiner, et al., 2001). This observation may suggest that participation in a matched savings account may be a basic building block for asset ownership and points to a role for policy and programs designed to promote saving in interventions to facilitating asset ownership among the working poor.

Findings regarding IDA participation and social inclusion are somewhat obscure. This study finds some positive association between IDA participation and social inclusion (overall) and the economic dimension of participation, underscoring findings of previous studies which have documented a positive relationship between IDA participation and perceived psychological, economic, and social well-being (McBride et al., 2003). This finding is also consistent with the basic proposition advanced by the human capabilities approach, that by connecting a vulnerable individual to a formal savings structure and social network, IDA participation may represent both an opportunity to accumulate assets as well as enhance the freedoms of the individual “to do and to be” what is considered essential for social functioning. However, IDA participation is not associated with political or social participation. This could be because participation in an IDA program may be perceived to be oriented towards economic outcomes. The lack of association between IDA participation and the social dimension may also be explained by the fact that most respondents in this sample (99%) work an average of 37 hours a week; hence time spent participating in IDA related activities, e.g., 12 to 18 hours a week of financial and asset specific education, may have an inverse effect on social participation. This observation is consistent with findings from other studies, which have indicated a social cost associated with program participation, especially among low-income individuals (see for example, Ssewamala, 2004).

A positive association between asset ownership and social inclusion has been indicated. However, impacts of asset ownership vary; while general assets tend to have a marginal impact on all the dimensions of participation, financial assets tend to be consistently associated with social inclusion overall and economic participation. This

suggests that effects of financial assets on welfare may be dependent on the use of the asset. Hence, political and social effects may take time to be realized. In fact, this observation is consistent with the human capabilities approach, which posits that possession of an asset in itself is not a proxy for well-being. Rather, what matters are the functionings an individual is able to achieve using a given asset (Sen, 1999). Also, it supports assertions made by Schreiner and associates (2001) that effects of asset ownership may be dependent on the use of the asset in question.

### **Conclusion**

This study does not provide an exhaustive picture of the hypothesized relationship. Overall, findings partially support the hypotheses advanced and point to the desirability of innovative practices to address the issue of social inclusion. Development of innovative practices in this area may require a shift in the ways vulnerability has been conceptualized. Guided by the knowledge that social exclusion results from a combination of factors, such as gender, ethnicity, and lack of opportunities, fostering inclusion may require interventions that create and maximize opportunities for participation. Asset ownership, through IDA programs, may be one such innovation. This approach is consistent with current thinking in social work, which advocates incorporating a social development perspective in social work practice and scholarship (Midgley, 2001). More empirical work is needed to foster a better understanding of the role of asset-based interventions in influencing social outcomes for vulnerable individuals and households.

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**Table 1 . Sample Characteristics at Baseline (N=736)**

	<b>Control Group (n=361) Percent/ Mean</b>	<b>Experimental Group (n=361) Percent/ Mean</b>	<b>Study Sample (N=736) Percent/ Mean</b>
<i>Gender</i>			
Female	84%	82%	83%
Male	16%	18%	17%
<i>Race/Ethnicity</i>			
African American	40%	45%	42%
Caucasian	50%	43%	46%
Hispanic	2%	2%	2%
Asian/non Hispanic	1%	1%	1%
N/American	5%	6%	6%
Other	2%	3%	3%
<i>Marital Status</i>			
Single, Never Married	46%	36%	41%
Married	22%	26%	24%
Divorced, or Widowed	32%	38%	35%
<i>Age</i>			
Average Age	36.5	36	36.5
Less than 30	29%	30%	30%
30 to 39	34%	35%	34%
40 to 49	26%	25%	25%
50 and Older	11%	10%	11%
<i>Children in Household</i>			
Average Number of Children	1	2	2
None	31%	29%	29%
1	25%	18%	22%
2	21%	30%	25%
3 or More	23%	23%	24%

**Table 1 . Sample Characteristics at Baseline (N=736)**

	<b>Control Group (n=375) Percent/ Mean</b>	<b>Experimental Group (n=361) Percent/ Mean</b>	<b>Study Sample (N=736) Percent/ Mean</b>
<i>Education</i>			
No High School Diploma	5%	6%	6%
High School Diploma or GED	25%	26%	26%
Some College	44%	41%	42%
Two Years College	16%	15%	15%
College Degree	10%	12%	11%
<i>Employment</i>			
Employed Full-time	99%	99%	99%
Average Hours worked	36 hrs	38 hrs	37 hrs
Average Income	\$1,407.93	\$1,530.53	\$1,468.54
<i>Asset ownership</i>			
Homeownership	24%	23%	24%
Business-ownership	6%	9%	7.2%
Home value	\$10,993.30	\$9392.66	\$10,213.79
Business value	-	-	-

**Table 2 Regression Analysis: IDA Participation and Asset Ownership**

IDA Part. and home value				IDA Part. and IDA balance		
Variable	b	se	t	b	se	t
Constant	-9690.89	4512.10	-2.15**	157.28	68.97	2.28**
AMND	497.45	91.02	5.47**	8.71	1.89	4.62**
Deposit frequency	-2798.44	10487.69	-0.27	-157.27	232.44	-0.68
Saving rate	2329.53	1246.49	1.87	-6.91	25.61	-0.27
Baseline asset	0.59	0.11	5.40**	-	-	-
Age	36.19	253.48	0.14	6.94	5.54	1.25
Race	-90.56	1798.48	-0.05	36.37	40.19	0.91
Gender	-1884.23	6168.37	-0.31	12.23	133.45	0.09
Marital status	-738.08	2774.75	0.27	46.49	60.17	0.77
Education	-444.05	2199.92	-0.02	57.52	48.21	1.19
Income	11.54	1.74	6.65**	-0.06	0.04	-1.36
Welfare use	-6778.65	3781.77	-1.79	-106.36	83.32	-1.23
Children in house	1816.39	1799.23	1.01	2.23	39.37	0.06

R<sup>2</sup> = 0.36Adjusted R<sup>2</sup> = 0.35

F = 52.29; df = 3, 283

R<sup>2</sup> = 0.07Adjusted R<sup>2</sup> = 0.07

F = 21.37 df = 1, 269

IDA Part. and business value				IDA Part. Homeownership		
Variable	b	se	t	b	Wald	OR
Constant	4941.50	4242.29	1.17	-2.30	28.47**	0.10
AMND	-123.23	119.77	-1.03	0.03	23.21**	1.03
Deposit frequency	-17026.80	7018.72	-2.43*	0.62	0.79	1.85
Saving rate	4467.39	699.64	6.39**	0.06	0.42	1.07
Baseline asset	-	-	-	2.23	29.15**	9.29
Age	-13.08	197.03	-0.07	0.10	0.32	1.01
Race	-1563.50	1394.68	-1.12	0.12	0.92	1.13
Gender	-5258.71	4720.89	1.11	-.33	0.70	0.72
Marital status	1122.15	2148.15	0.52	0.03	0.03	0.97
Education	-1189.98	1678.62	-0.71	-0.11	0.57	0.70
Income	2.64	1.53	1.72	0.00	9.55**	1.00
Welfare use	1887.47	2975.67	0.63	-0.72	7.53**	0.49
Children in house	-678.10	1418.49	-0.48	0.28	6.26**	1.32

(n=361)

R<sup>2</sup> = 0.13Adjusted R<sup>2</sup> = 0.12

F = 20.92; df = 2, 291

Model X<sup>2</sup>=118.24; df=5

\*p=.05 \*\*p=.01

Note: b=Unstandardized regression coefficients

se=standard error

**Table 3 Regression Analysis: IDA Participation and Social Inclusion**

Variable	IDA Participation and social inclusion index			IDA Part. and economic participation		
	b	se	t	b	se	t
Constant	4.01	1.14	3.50**	2.00	0.32	6.28**
AMND	2.29E02	0.01	3.28**	1.98E-02	0.00	5.17**
Deposit frequency	-5.08E-03	0.80	-0.01	-4.64E-02	0.46	-0.10
Saving rate	6.63E-03	0.10	0.07	5.10E-02	0.06	0.92
Baseline inclusion	0.54	0.05	11.16**	0.46	0.04	11.11**
Age	3.59E-02	0.02	1.98*	5.53E-03	0.01	0.49
Race	-1.95E-02	0.14	-0.14	-7.75E-02	0.08	-0.99
Gender	9.98E-02	0.47	-0.21	1.40E-01	0.27	-0.51
Marital status	1.50E-01	0.21	0.71	9.38E-02	0.12	0.77
Education	-7.04E-02	0.16	-0.43	1.19E-02	0.10	0.13
Income	6.59E-04	0.00	4.67**	5.02E04	0.00	6.46**
Welfare use	-0.81	0.29	-2.84**	-0.56	0.16	-3.53**
Children in house	0.04	0.14	2.78**	0.14	0.08	1.63
(n=361)						
R <sup>2</sup> = 0.42				R <sup>2</sup> = 0.49		
Adjusted R <sup>2</sup> = 0.41				Adjusted R <sup>2</sup> = 0.48		
F = 34.14; df = 6, 279				F = 67.38; df = 4, 281		

\*p=.05    \*\*p=.01

Note: b=Unstandardized regression coefficients;  
se=standard error

**Table 4 Regression Analysis: Asset ownership and Social inclusion**

Financial assets and inclusion index				Financial assets & econ. Part.		
Variable	b	se	t	b	se	t
Constant	6.53	0.87	7.50**	2.50	0.32	7.80**
Business value	-2.76E-06	0.00	-0.44	-4.03E-06	0.00	-1.12
Home value	-9.64E-06	0.00	2.29**	6.51E-04	0.00	2.70**
IDA balance	6.93E-04	0.00	2.73*	5.68E-04	0.00	3.93**
Baseline inclusion	0.50	0.05	10.00**	0.44	0.05	9.72**
Age	2.10E-02	0.02	1.06	-4.96E-02	0.01	-0.04
Race	4.02E-02	0.14	0.28	-8.17E-02	0.08	-0.99
Gender	9.24E-02	0.49	0.19	1.87E-02	0.28	0.07
Marital status	7.31E-02	0.22	0.34	3.01E-02	0.12	0.24
Education	0.01	0.18	-0.03	2.29E-04	0.10	0.23
Income	4.52E-04	0.00	3.27**	4.13E-04	0.00	5.26**
Welfare use	-0.95	0.31	-3.08**	-0.66	0.17	-3.83**
Children in house	0.34	0.14	2.48**	9.23E-02	0.09	1.08

R<sup>2</sup> = 0.40Adjusted R<sup>2</sup> = 0.39

F = 30.21; df = 6, 269

R<sup>2</sup> = 0.48Adjusted R<sup>2</sup> = 0.47

F = 49.06; df = 5, 270

General assets and inclusion index				General assets & econ. Part.		
Variable	b	se	t	b	se	t
Constant	6.10	0.82	7.48**	2.55	0.31	8.30**
Homeownership	0.88	0.35	2.53**	0.64	0.21	3.11**
Business-owner	0.62	0.52	1.20	0.40	0.31	1.30
Educational skills	0.35	0.11	3.31**	9.25E-02	0.07	1.41
Baseline inclusion	0.50	0.05	10.71**	0.43	0.04	10.11**
Age	3.05E-02	0.02	0.61	6.75E-03	0.01	0.60
Race	-1.15E-02	0.13	-0.09	-6.98E-02	0.08	-0.89
Gender	-4.11E-02	0.46	-0.09	2.49E-02	0.27	0.09
Marital status	0.16	0.20	0.82	7.35E-02	0.12	0.62
Education	-8.28E-02	0.16	-0.52	6.54E-02	0.10	0.69
Income	5.19E-04	0.00	4.17**	4.30E-04	0.00	5.89**
Welfare use	-0.71	0.28	-2.56**	-0.61	0.16	-3.81**
Children in house	0.28	0.14	2.00*	4.32E-02	0.08	0.52

n=361

R<sup>2</sup> = 0.40;Adjusted R<sup>2</sup> = 0.39

F = 41.62; df = 5, 316

R<sup>2</sup> = 0.43;Adjusted R<sup>2</sup> = 0.43;

F = 60.76; df = 4, 317

\*p=.05    \*\*p=.01

Note: b=Unstandardized regression coefficients

se=standard error

**Table 4 Regression Analysis: Asset Ownership and Social Inclusion**

General assets and political participation			General assets and social participation			
Variable	b	se	t	b	se	t
Constant	0.25	0.10	2.43**	3.27	0.62	5.29**
Homeownership	0.12	0.09	1.42	0.21	0.47	0.45
Business-owner	-8.62E-02	0.13	-0.68	0.88	0.67	1.30
Educational skill	6.20E-02	0.03	2.30	0.29	0.14	2.03**
Baseline inclusion	0.41	0.05	8.76**	0.56	0.07	8.14**
Age	6.77E-03	0.01	1.49	-0.02	0.04	-0.59
Race	-2.55E-02	0.03	-0.79	0.21	0.17	1.20
Gender	-0.14	0.11	-1.25	0.07	0.61	0.12
Marital status	-9.45E-03	0.05	-0.20	0.24	0.26	0.90
Education	1.10E-01	0.04	2.74**	-0.38	0.21	-1.87
Income	8.50E-05	0.00	2.92**	0.00	0.00	1.14
Welfare use	-6.28E-02	0.07	-0.91	-0.48	0.33	-1.45
Children in house	3.67E-02	0.03	1.12	-0.16	0.22	-0.71
n=361						
R <sup>2</sup> = 0.24			R <sup>2</sup> = 0.37			
Adjusted R <sup>2</sup> = 0.25			Adjusted R <sup>2</sup> = 0.37			
F = 36.24; df = 3, 327			F = 42.12 df = 2, 328			

\*p=.05    \*\*p=.01

Note: b=Unstandardized regression coefficients

se=standard error

**Figure 1. Theoretical Model: Hypothesized Relationships**

