

Will the Real Driver of Nonprofit Economy Please Stand Up? A Step-by-Step Process for Achieving Organizational Sustainability through Social Capital

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Elizabeth Castillo, PhD
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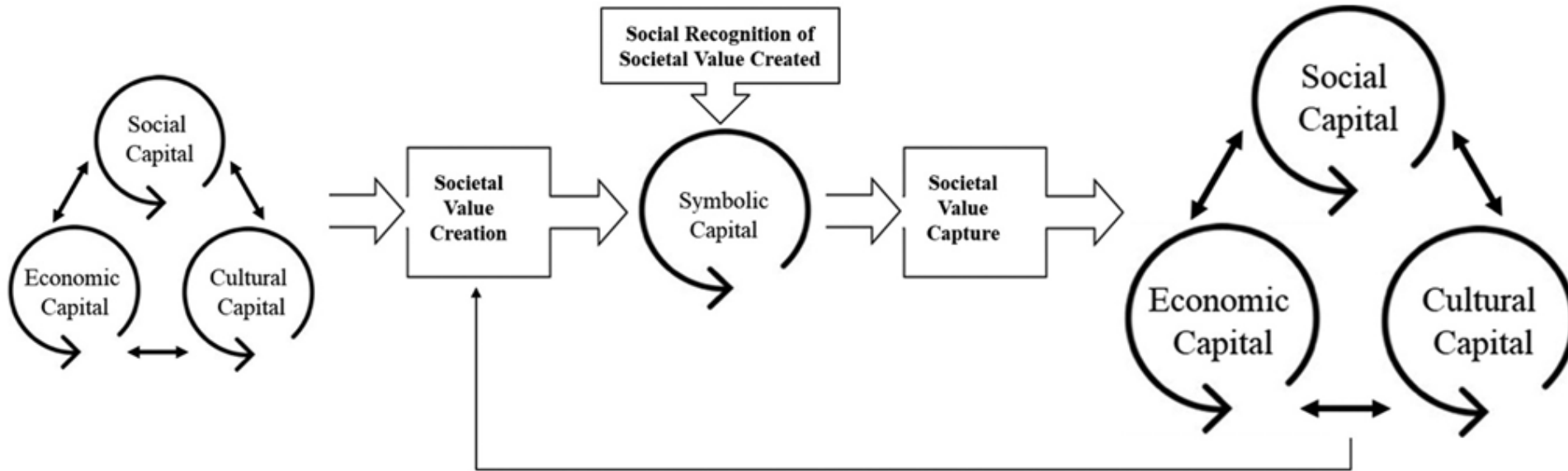


Jeanne Larson
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Northern Dental Access Center



Stephanie Moore
Executive Director
The Center for Craft

Social Capital is Regenerative



Gaëlle Cotterlaz-Rannard & Michel Ferrary (11 Sep 2024): Exploring the virtuous circle of societal value creation and capture by non-profit organizations from a Bourdieusian perspective, *Public Management Review*, DOI: 10.1080/14719037.2024.2402373

Forms of Capital

- *Social capital* is the actual or potential resources related to organizational relationships and networks or extended networks. It is the collective in collective action, and represents stakeholder groups
- *Cultural capital* is embodied as the *'long-lasting dispositions of the mind and body'* that knit organizations of purpose together. This is manifested through the knowledge and point of view embodied by their workers and materials and mobilized consistently in public.
- *Economic capital* refers to material assets, which include financial resources or property
- *Symbolic capital* is an increasingly widespread and repeatedly tested recognition of standing/credibility/trustworthiness and is necessary to conversion in crises and it necessarily involves the other three but it is the deployment of social capital that reinforces reputation at these critical moments.

Ruth McCambridge Interviews Jeanne Larsen



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Elizabeth Castillo, PhD

What is social capital?

Why it matters and how it works

How to develop and convert social capital to financial capital

What is Social Capital?

Capital = resources that endure and can create more resources

Common definitions of **Social Capital**:

- Sum of actual and potential resources that can be accessed through a durable network of relationships (Bourdieu, 1986)
- Resources embedded in relational structures that can be accessed and mobilized in purposive action (Lin, 2001)
- Exchange process by which power relations are legitimized and sustained (De Clercq & Voronov, 2009)

Examples:

- Social connections, networks, shared values & norms
- Mutually beneficial interactions, reciprocity
- You are probably already doing it to some extent
- Approaching it more systematically and intentionally can help you do it better

What is Social Capital?

Interpersonal relationships that create value for people, organizations, and societies

- Includes things like:
 - a **sense of belonging**
 - feelings of **trust & safety**
 - **values & norms**
 - **voluntary association**
 - **building community**
 - **democratic participation**
 - **Networks**
 - **Diversity**

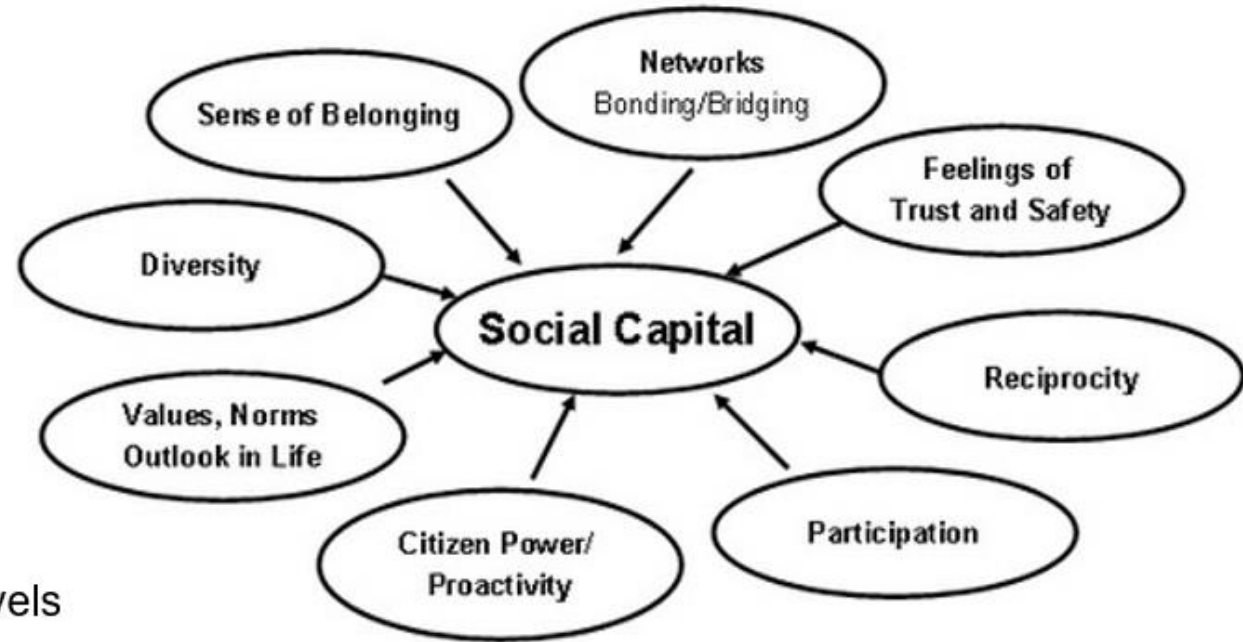


Image source: <https://library.neura.edu.au/wp-content/uploads/social-capital/Social-capital.jpg>

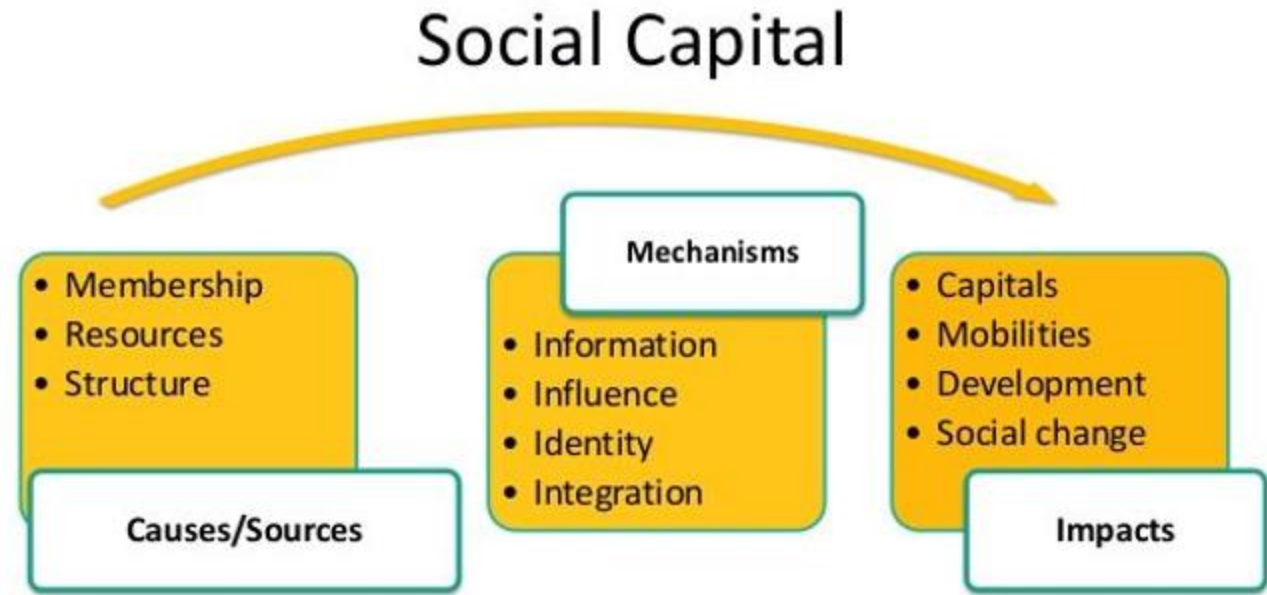
Occurs at both individual and collective levels

Between people

Among teams, organizations, and societies.

How Does Social Capital Create Value?

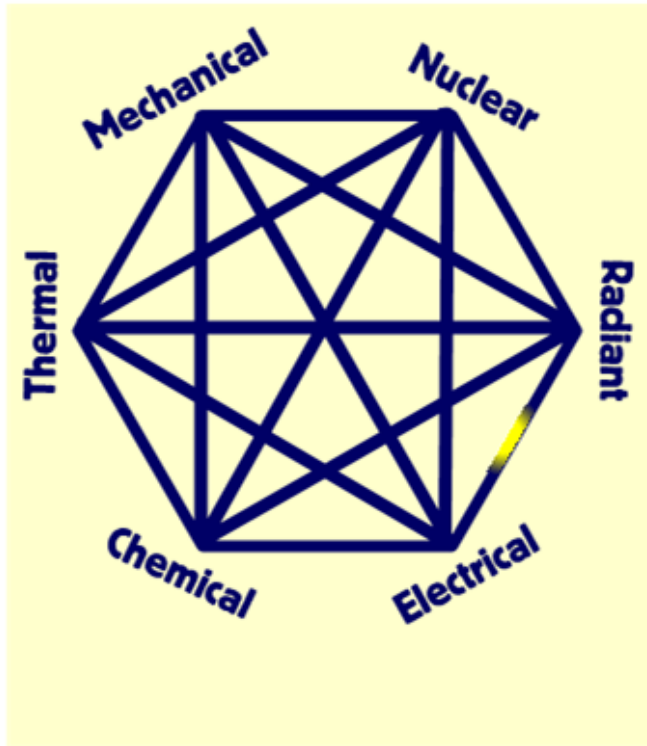
- Interpersonal relationships provide access to **resources**
- MICRO
 - Information
 - Influence
 - Shared identity
 - Reputation
- MACRO
 - Stability, structure
 - Social cohesion
- Sustaining social capital requires **RECIPROCITY** (mutual benefit)



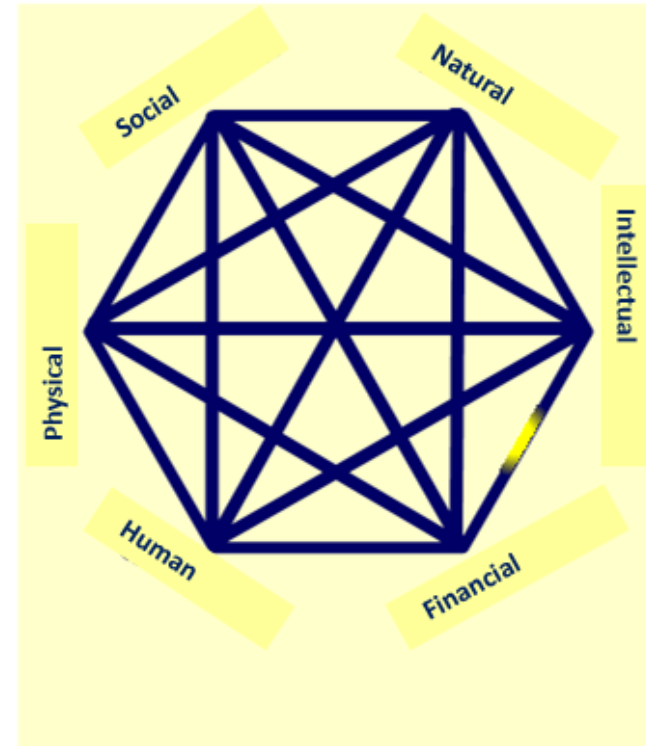
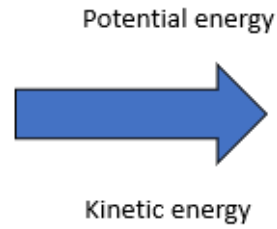
(Emirbayer and Mische 1998; Portes and Landolt 1996; Flap and Völker 2004; McPherson et al. 2001)

Capitals flow → can be strategically activated & converted

Just as energy can change forms . . .



Capital also comes in different types and can change forms



Importance of Social Capital

Social Capital can be developed or depleted

- **Grown** through intentional actions, e.g., stewardship, communication, integrity, ethical decision making
- **Depleted** through self-serving decision making, lack of integrity, lack of transparent communication

Can be converted into other forms of capital:

- Reputation (symbolic), cultural, financial resources
- Through strategic program design

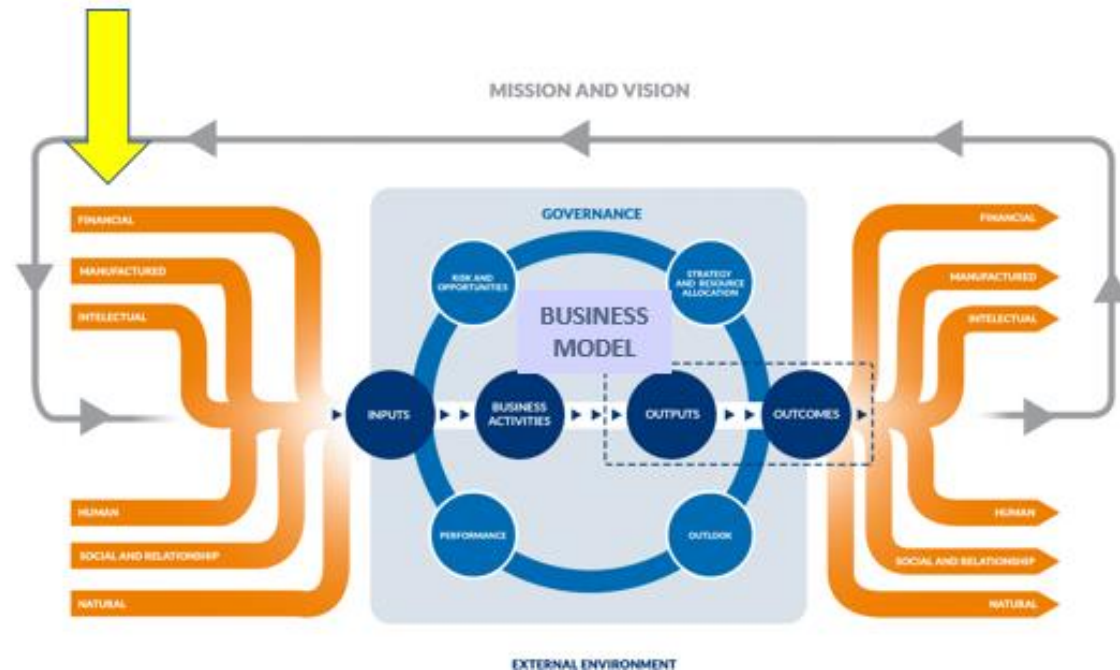
Creates macro effects--social cohesion or social polarization:

- Quality of relationships (depth, breadth, frequency of interactions)
- Diversity of stakeholders
- Over past three centuries, industrialization has eroded social capital, degrading quality of life
(Polanyi, 1944)
- Making social capital visible:
 - Enables it to be developed more intentionally and broadly
 - Re-orientes people and communities to what is valuable

Example

Develop prosocial business models through strategic development of social capital

Raffaelli, R. (2020). *Reinventing retail: The novel resurgence of independent bookstores*. Harvard Business School Working Papers. Retrieved from: https://www.hbs.edu/faculty/Publication%20Files/20-068_c19963e7-506c-479a-beb4-bb339cd293ee.pdf.



EDITORS' PICK | Feb 12, 2020, 06:07am EST | 35,835 views

How Indie Bookstores Beat Amazon At The Bookselling Game: Lessons Here For Every Retailer



Pamela N. Danziger Senior Contributor

Retail

I study the world's most powerful consumers -- *The American Affluent*

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This article is more than 2 years old.



Impediments to Social Capital Development

For a resource to be mobilized, it must first be integrated into a knowledge system (van der Leeuw, 2020)

Financial accounting is a global knowledge system that does not recognize social capital → **underinvestment in its development**

Social capital can be depleted or lost completely:

- Failing to act with integrity
- Putting organization at center of decision making rather than mission

Mapping Northern Dental Access Center's Social Capital Development

Over 7 years a small group of concerned people from public and private sectors weave a vision for accessible dental care for low income residents while engaging in 7 years of relationship building with local stakeholders, e.g., local dentists and others . This resulted in the following built capital...

| From | Conversion | To |
|--|--|---|
| <p>Some for-profit dentists' lingering view that NDAC was an unnecessary addition and market worry</p> | <p>During pandemic FP dentists use NDAC to address their patients' emergencies</p> | <p>For-profit dentists' realization that NDAC was a useful part of a more complete dentistry ecosystem - a potential block is reduced</p> |
| <p>Local funders do not see affordable and accessible dentistry as a priority</p> | <p>During pandemic NDAC's position as the only dental offices able to see emergency patients highlighted importance of this feature of a health safety net</p> | <p>NDAC was able to get on local grants rosters and enjoys higher profile with state and private revenue providers</p> |
| <p>Presence of offices is too local to address breadth of demand</p> | <p>During pandemic, the nature and level of need was further exhibited alongside NDAC's agility, quality and competence</p> | <p>Two more offices are established to address larger need</p> |



Center for Craft

Responds to Hurricane Helene



Photo Courtesy of David Huff Creative

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Craft Futures Fund

The Center for Craft is reactivating the Craft Futures Fund grant program for emergency relief so that we may direct essential resources to support and care for the artists and community of Western North Carolina.

Stephanie Moore

Executive Director of the Center for Craft

| From | Conversion |
|---|---|
| <p>Center for Craft is rooted in local community of craft artists but most of its money comes to it to do national work</p> | <p>Working and living spaces of local community of craft artists are decimated by storm and local and national donors self-organize to respond - revivifying and strengthening the powerful connections between the local and national missions</p> |

How to Get Started

- Think in capitals. Connect your business model and logic model through program design and strategy.
 - [Indiana CPA Society](#) (INCPAS)
 - Australia & NZ disaster recovery examples [ReCap_2022.pdf](#)
 - [Intel 2023 annual report](#), pp. 10-19
- Inventory your capitals, identify strengths and opportunities for improvement
 - [Asset-based community development](#)
 - [Inventory tool from Community Capitals](#)
- Identify and understand your stakeholders' perspectives and consider value you can bring to them
 - [Template-Stakeholder-engagement-list-map-contact-database-Jun19.xlsx](#)
 - Knowledge sharing with funders, helping them to solve a problem, teach them something
 - Identify & coordinate stakeholder engagement opportunities
 - [DIAs-Online-engagement-guidance-published-3-Sep.docx](#)
- Feed two birds with one hand
 - Strategic program planning to develop multiple capitals simultaneously at multiple levels
 - Balboa Park example
- Participate and help lead networks and professional associations
- Use multiple capitals for impact reporting

Questions Resources & Wrap Up

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