Foundations building Social Capital: Opportunities, Ability, and Motivation

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The ability of grant-making foundations to build social capital has been considered insufficiently. Using a case study design, this study presents characteristics of foundations that allow them to develop networks, norms, and trust, the core components of social capital. Based on twenty interviews, the findings come from a project of a German foundation that saved a traditional glass manufactory by involving sixty different partners. This study highlights the ability of foundations as honest brokers and convenors through building social capital.

Social capital has become one of the leading concepts to describe, measure, and analyze the civil society. The most frequently quoted definition is Putnam’s concept that social capital consists of “features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives” (Putnam, 1995, p. 665). In recent literature, different kinds of social capital emerged, distinguishing between bonding and bridging social capital (Coffé and Geys, 2007). The literature review in this article gives an overview of the current state of the art on the conceptualization of social capital and the differentiation of bonding and bridging social capital.

Research Focus and Methodology

The aim of this paper is to determine how grant-making foundation strengthen the sources of social capital and if they have specific characteristics that help them in doing so. Passey and Lyons (2006) argue that the characteristics of nonprofits have an influence on the social capital they reproduce. In existing literature, most studies focus on associations and voluntary organizations, where individuals can join as members or contribute as volunteers (Brown and Ferris, 2007; Wollebaek and Selle, 2002).

However, some studies have highlighted the contributions of community foundations to community development (Carman, 2001; Guo and Brown, 2006). Particularly, the study on civil society resource organizations by Ashman, Brown, and Zwick (1998) is a rare exception showing that funding organizations can build social capital across divergent environments.

The findings are based on a case study design with a content analysis of the project documentation and twenty semi-structured interviews with different project partners. The measuring and description of social capital are based on the concept of three sources of social capital: opportunity, motivation, and ability (Adler and Kwon, 2002).

Case Description

In 2001, the production of the Kristallglasmanufaktur Theresienthal discontinued after two insolvencies within two years. This incident marked the end of one of the most famous German producers of crystal glass. After the second insolvency, a few former employees continued to maintain the facilities hoping for a new opportunity. In 2002, the Eberhard von Kuhnheim Foundation noticed the persistence of the unemployed glassworkers and decided to help them, although the foundation had neither the required industrial knowledge nor the financial means for such a project. Through this decision, the foundation initiated a process that finally resulted in the emergence of a new investor in 2006. The project started at a time of recession and a high unemployment rate what raised the risk of a failure. In contrast to other examples, where traditional handcraft is quasi-saved by turning a factory into a museum, the foundation
searched for new investors in order to re-establish a for-profit enterprise. During the process, the foundation built a heterogeneous network containing over sixty partners. Consequently, some questions arise, such as what made this project successful against all odds (flagging industry, negative economical environment, changing drinking habits, etc.)? and how could the foundation achieve something like this, which the for-profit investors failed twice to accomplish earlier?

Results

According to the findings of this case study, grant-making foundations have a potential to build bridging social capital because they have some specific characteristics linked to the three sources of social capital: opportunities, motivation, and abilities. Particularly, the foundation’s position as an intermediary leverages the social capital – network, norms, and trust – among the project partners.

Although foundations have no members and are not established primarily to build networks, they can create opportunities for cooperation and linkages. A foundation can be effective as an honest broker and facilitator to bring together heterogeneous social groups (Anheier and Leat, 2006). Through its credibility and unselfishness, the foundation can stimulate the motivation of others to collaborate and trust the foundation and consequently, the other project partners. Additionally, the foundation unifies the heterogeneous partners with a common goal defined by the underlying values of entrepreneurship and market orientation. Finally, the foundation’s independence allows an intermediary function that connects the other project partners.

References


