

# **Partnering with firms: Do non-profit organizations sell their soul to the devil?**

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## **Abstract:**

Collaboration between nonprofit and business sectors has been widely researched from the business perspective. To date, the literature on social alliances has not examined the models of conversion of capitals used by nonprofits in social alliances. To address this gap, we propose a theoretical framework based on Bourdieu's theory of forms of capital and the mechanisms of capital conversion. Since firms now must become more socially responsible through Corporate Social Responsibility, the traditional model of capital conversion for nonprofits has had to change to accommodate corporation and allied foundations as alternative sources of funding. Through alliances with firms, Nonprofit Organizations can convert their symbolic capital into economic capital, but in doing this, they run the risk of losing their symbolic capital as Environmental, Social and Governance organizations. Based on a cluster analysis and a multinomial probit regression, the preliminary findings indicate that NPOs have developed four models of conversion, two of which involving firms. The main explanatory factor for using one of these two models of conversion is the symbolic capital of nonprofits.

## **Résumé :**

Les alliances sociales entre les organisations à but non lucratif (OBNL) et les entreprises ont été essentiellement étudiées du point de vue des entreprises. Or, ces alliances sociales ont modifié profondément le modèle traditionnel de financement de ces organisations. En effet, en s'alliant avec les entreprises, leur mode de financement ne repose plus uniquement sur des donations citoyennes mais sur une combinaison de différentes sources de financement dont la part des entreprises peut être majoritaire. Bien que ces alliances permettent aux OBNL d'échanger leur capital symbolique contre le capital économique des entreprises, le risque de compromettre leur capital symbolique en collaborant avec des entreprises irresponsables reste élevé. Cette recherche est, à notre connaissance, la première qui cherche à mieux comprendre les mécanismes de conversion du capital symbolique en capital économique utilisés par les OBNL dans le cadre des alliances sociales. À l'aide de la théorie des formes de capital développée par Bourdieu, quatre modèles de conversion mis en œuvre par les OBNL (opportuniste, civique, public et sélectif) sont identifiés. Basé sur un échantillon d'ONG, le test empirique repose sur une méthode de classification non hiérarchique et l'estimation d'un modèle probit multinomial. Les résultats indiquent d'une part, que les ONG ont bien développé quatre modèles de conversion dont deux impliquent des alliances avec les entreprises, et d'autre part, que le capital symbolique est un facteur explicatif d'adoption de l'un de ces deux modèles de conversion.

## **Keywords:**

Social alliances, nonprofit organizations, symbolic capital, models of conversion, corporate social responsibility

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## **1. INTRODUCTION**

In the 1960s, scholars began to discuss Corporate Social Responsibility which, at that time only considered the economic implications and the negative consequences of social responsibility. In a *New York Times* article, Friedman (1970) asserted: “*there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits*” (Friedman, 1970:230). According to Friedman, a firm’s only goal was to maximize shareholder profits in a short time. However, in the 1980s some scholars attacked Friedman’s purely profit-driven corporate model; they argued that although firms must make a profit, companies should also attempt to alleviate or solve social problems. Firms should consider the effects of their actions upon customers, suppliers, the general public, employees, and other interested parties who have a stake or interest in the corporation (Donaldson & Preston, 1995; Freeman, 1984; Freeman, Wicks, & Parmar, 2004; Mitchell, Agle, & Wood, 1997; Mitchell, Weaver, Agle, Bailey, & Carlson, 2016). Under increasing pressure from their stakeholders to be more socially responsible, firms are increasingly transforming their social, ethical and environmental impacts through Corporate Social Responsibility.

In responding to current challenges, firms can develop CSR strategies either internally or externally. For internal strategies, they develop their own CSR programs, while for external strategies, they have to form alliances directly with non-profit organizations. The current ascent of CSR in the corporate sector has resulted in an unprecedented number of alliances between nonprofits and the private sector. According to a study from the Partnership Resource Center (2010), the one hundred largest firms in the world have an average of eighteen collaborations with non-profit organizations. Today, firms, including allied foundations are a key source of support for nonprofits (Seitanidi, 2008; van Tulder, Seitanidi, Crane, & Brammer, 2015).

The issues around their alliance strategies with firms currently involve significant challenges for non-profit organizations. Credibility, image and reputation for non-profit organizations are important to the non-profit purpose of their mission. They take the risk of losing their soul by partnering with for-profit organizations. For this reason, some nonprofits are going to form alliances with firms while others will be more reluctant to agree to such partnerships because of the risk it poses to their symbolic capital and, therefore, to their economic capital.

This study focuses on social partnerships and more specifically on social alliances from the nonprofit perspective (Berger, Cunningham, & Drumwright, 2006). Berger, Cunningham and Drumwright (2006: 129) define social alliances as partnerships that cross the for-profit and nonprofit boundary *“between a company and a nonprofit that has moved beyond cause-related marketing and philanthropy to encompass a close, mutually beneficial, long-term partnership that is designed to accomplish strategic goals for both partners”*. Furthermore, other authors specify that social alliances are voluntary collaborations addressing social problems too complex to be solved by unilateral organizational actions (Sakarya, Bodur, Yildirim-Öktem, & Selekler-Göksen, 2012). Social alliances are therefore distinguished from strategic alliances by two main characteristics. First, they involve at least one nonprofit partner and second, they include non-economic objectives (Drumwright, Cunningham, & Berger, 2004). Although there has been some research regarding social alliances, the vast majority of studies has focused solely on the business perspective (Drumwright et al., 2004; Manning & Roessler, 2014), while very little research has been published about the models of capital conversion used by non-profit organizations partnering with firms: why do some non-profit organizations decide to partner with for-profit organizations, taking the risk of selling their soul to the devil by partnering with firms, while others do not?

In this paper, we address this theoretical gap by exploring the models of capital conversion used by nonprofits in making decisions about social alliances. To guide our research, we ask which models of conversion non-profit organizations use in forming social alliances.

In addressing this question, we propose a theoretical framework of social alliances based on Bourdieu's theory of forms of capital and the process of conversion. Our first step is to construct a coherent conceptual framework to better understand the models of conversion non-profit organizations use. Secondly, we propose four conceptual models of conversion. Thirdly, based on our database of non-profit organizations, we empirically test our conceptual models of conversion for non-profit organizations using the clustering procedure and a multinomial probit regression. Results show that nonprofits use four models of capital conversion involving public institutions (public model), citizens (civic model) or businesses (selective and opportunistic models). We find that symbolic capital is a main explanatory factor of the decision to form social alliances in an opportunistic way. Our study makes theoretical contributions to research on social alliances literature by capturing and examining the articulation between the profit and nonprofit sector. Our analysis also has managerial implications; it can serve to provide decision support for non-profit organizations seeking to form social alliances.

## **2. LITERATURE SURVEY ON SOCIAL ALLIANCES**

### **2.1. SOCIAL ALLIANCES FROM THE FIRM PERSPECTIVE**

The literature on social alliances has ballooned in the past decade (Laasonen, Fougère, & Kourula, 2012). Despite the growing interest in social alliances, researchers have given greater attention to businesses introducing non-profit organizations as secondary stakeholders (Al-Tabbaa, Leach, & March, 2014; Burchell & Cook, 2013). For nonprofits, the main motivations are to increase attention and support for corporate social responsibility (Dahan, Doh, Oetzel, & Yaziji, 2010; den Hond, de Bakker, & Doh, 2015; van Tulder et al., 2015) to obtain financial resources from corporate partners (Austin & Seitanidi, 2012; Selsky & Parker, 2005, 2010; van Tulder et al., 2015), and to acquire business skills and professionalize (Herlin, 2015). For firms, social alliances can provide several types of resources, such as advice and counsel (den Hond et al., 2015), channels for communicating information between external organizations and the firm (den Hond et al., 2015), corporate competitive advantage

(Hume & Hume, 2008; Rondinelli & London, 2003), facilitation into emergent markets though collaboration with indigenous NPOs (Dahan et al., 2010) and legitimacy and reputation (den Hond et al., 2015; Inkpen & Ross, 2001).

Scholars have focused on how businesses can utilize collaboration with the nonprofit sector as a vehicle to implement social responsibility programs (Dahan et al., 2010; den Hond et al., 2015; Laasonen et al., 2012; Manning & Roessler, 2014; Porter & Kramer, 2002). Several studies have investigated the application of CSR initiatives through social alliances to solve social and environmental issues, while providing advantages to businesses in terms of economic returns (e.g. Dahan et al., 2010; Husted, 2003; Laasonen et al., 2012; Nijhof, de Bruijn, & Honders, 2008; Porter & Kramer, 2002; van Tulder et al., 2015). O'Connor and Shumate (2014) have also demonstrated that businesses seek out social alliances with NPOs that operate in the same industrial sphere in order to privilege corporate communication. Finally, scholars have examined social alliances within the parameters of marketing research. Key findings show that social alliances result in better corporate image and corporate credibility (O'Connor & Shumate, 2014).

## **2.2. SOCIAL ALLIANCES FROM THE NONPROFIT PERSPECTIVE**

Until recently, little attention had been paid to social alliances from the nonprofit sector perspective (e.g. Al-Tabbaa et al., 2014; Ber & Branzei, 2010; Bryson, Crosby, & Stone, 2006; Burchell & Cook, 2013; Dahan et al., 2010; Nijhof et al., 2008; Parmigiani & Rivera-Santos, 2011; Shumate, Hsieh, & O'Connor, 2016). Nijhof et al (2008) have shown that nonprofit organizations are necessary for businesses to successfully engage in corporate social responsibility projects. The main finding is that nonprofits tend to become involved in partnerships with companies that have an interest in postponing concrete results. Shumate et al., (2010; 2016) have developed an interesting model they call the “Symbiotic Sustainability Model” (SSM). One of the principal contributions is that it shows that the unique goal for nonprofits is capital accumulation, which provides distinct forms of capital (economic, social and cultural).

Secondly, they show that nonprofits in the same social issue sector were not likely to report partnerships with businesses in the same industry. Moreover, they suggest that the segment of the nonprofits is important because environmental, health and human service nonprofits appear more likely to report ties with the business sector. A limitation of this study is that they are only concerned in the frequency and factors influencing partner choice, but they are not interested in the models of capital conversion used by non-profit organizations in forming social alliances. Notwithstanding recent studies about social alliances from the nonprofit perspective, there is still a lack of research on the risks nonprofit organizations take by entering into alliances with firms.

### **3. THEORETICAL FRAMEWORK OF SOCIAL ALLIANCES: HOW TO CONVERT SYMBOLIC CAPITAL INTO ECONOMIC CAPITAL**

#### **3.1. BOURDIEU'S THEORY OF FORMS OF CAPITAL AND THE PROCESS OF CONVERSION**

Traditional models that analyze alliances only explore the relationships in for-profit or “firm to firm” alliances, but they prove to be limited in understanding social alliances. It is therefore necessary to develop a theoretical model for capturing the rationale and behavior of nonprofit organizations. For this purpose, Bourdieu's model, which distinguishes different forms of capital and analyzes the process of conversion, seems to be more appropriate for understanding nonprofit decision-making models and models of capital conversion.

##### **3.1.1. Forms of capital**

According to Bourdieu, capital is a social relation, a resource that provides its holders with power and an advantageous positioning in the field where it is produced and reproduced (Bourdieu, 1979). Bourdieu (1990) described positions within fields as positions of possibility because they are not stable and symmetrical but reflect relations of power and domination. An organization's position in a field is always in flux depending on the kinds of capital (Bourdieu & Wacquant, 2013; Oakes, Townley, & Cooper, 1998). Capital is not restricted to financial or monetary assets but can come in other tangible and intangible nonmonetary forms.

Bourdieu distinguishes three general forms of capital: economic, cultural and social. Each form has the potential to be relational, accumulative and convertible (Bourdieu & Wacquant, 2013; Bourdieu, 1979). Economic capital includes financial resources and is the root from which other forms of capital can be formed and developed. Social capital is the nexus of the organization's relationships with stakeholders and other organizations, their network. Cultural capital exists in three forms: an *embodied* state, as the long-lasting disposition of an actor's mind and body; an *objectified* state, when cultural capital is turned into cultural goods such as "pictures, books, dictionaries, etc." (Bourdieu, 1986: 243); and an *institutionalized* form, when the embodied cultural capital is recognized in the form of educational qualifications.

Bourdieu's framework is the object of growing interest in management sciences (Golsorkhi & Huault, 2006). Organizational researchers have focused more attention on capital in its economic, social and cultural forms, but this framework also demonstrates the importance of other kinds of capital, such as symbolic capital (Emirbayer & Johnson, 2008). According to Bourdieu, symbolic capital is "*nothing more than economic or cultural capital which is acknowledged and recognized*" (Bourdieu, 1990: 135). It is a resource that, when accumulated in a particular domain, becomes symbolically valuable to all other member of that domain (Greenspan, 2014). More specifically, in organization studies, "*Symbolic capital is a credit (...)*" (Bourdieu, 1990: 120) that is revealed in the legitimacy attributed to an entity within a field (Emirbayer & Johnson, 2008). Symbolic capital is arguably the most important form of capital that actors acquire because its possession enhances and legitimates the accumulation of all other forms of capital. Even though Bourdieu did not specifically discuss non-profit organizations and their symbolic capital as socially responsible organizations, we understand that the symbolic capital of NPOs is a social recognition and prestige based on socially responsible missions that make them well-known and loved.

### 3.1.2. Dynamic of capital conversion in Bourdieu's theory

According to Bourdieu (1986), in order to understand the real logic of the functioning of capital, it is important to reiterate that economic capital is at the root of all the other types of capital. The conversion from one to another must be understood from two opposing views: economism and semiologism. The different types of capital can be distinguished according to their convertibility from one to another, or, as Bourdieu claims, *"according to how easily they are transmitted, i.e., with more or less loss and with more or less concealment (...) Everything which helps to disguise the economic aspect also tends to increase the risk of loss"* (Bourdieu, 1986: 54-55). The convertibility from one to another type of capital introduces a high degree of uncertainty into all transactions. Following Bourdieu's logic, the dynamic of capital conversion occurs in three consecutive stages: accumulation, conservation and conversion.

## 3.2. CONCEPTUAL MODEL OF CAPITAL CONVERSION PROCESS BY NONPROFITS IN SOCIAL ALLIANCES

Based on Bourdieu's framework of forms of capital and capital conversion, we suggest applying it to our topic to provide a better understanding of the traditional and current "business models"<sup>1</sup> used by nonprofit organizations.

### 3.2.1. Traditional business model of nonprofit organizations

By nature, non-profit organizations are socially responsible environmental, social and governance organizations. In contrast to for-profit organizations, nonprofits don't distribute profits to stakeholders but tend to be more mission and societal interest focused; the economic capital is not an end but a burden in order to pursue their mission. Before corporate social responsibility became a strategic asset for firms, there had been few social alliances. In this context, the traditional business nonprofit model of capital conversion was as follows: from socially sustainable actions, nonprofits accumulate symbolic capital which will then become economic capital through citizen donations or government and public administration support.

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<sup>1</sup> We prefer the concept of business model to that of strategy since it explicitly addresses the issue of the sources of revenue of an organization. This "revenue dimension" is hardly approached frontally in strategy and constitutes an essential point of differentiation of the notion" (Lecocq, Demil, Warnier, 2006, p 98-99)



The traditional nonprofit business model, therefore remains within the non-profit sphere. This traditional business model of nonprofit organizations has significantly changed since businesses started becoming alternative sources of funding for nonprofits.

### **3.2.2. Business model of nonprofit organizations in social alliances**

In contrast to the traditional business model of capital conversion in which nonprofits are financed exclusively through citizen donations and government and public administration support, today, corporations, including allied foundations, are a key source of support for nonprofits. Since corporate social responsibility became a strategic asset to firms, social alliances between nonprofit and for-profit organizations have begun to expand. Corporate social responsibility requires organizations to develop new competencies in order to integrate the new responsibilities, they need to position themselves in the changing processes with nonprofits (Nijhof et al., 2008). Social alliances, however, cause upheavals in nonprofits business models, forcing them to deal, not only with the nonprofit sphere, but also with the for-profit sphere.

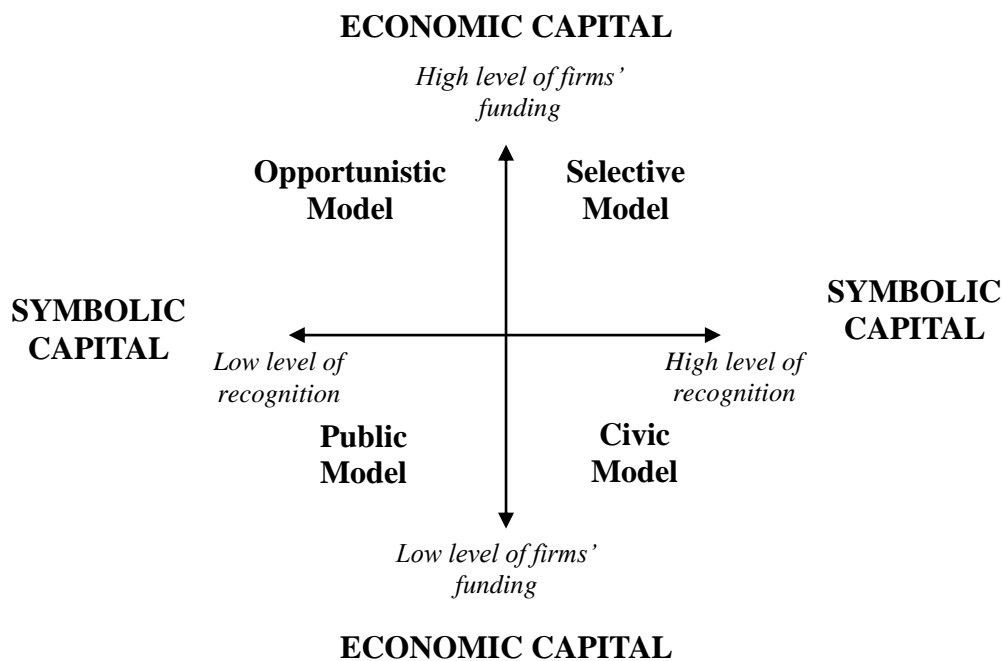
According to Maucuer (2013), firms and nonprofits are becoming increasingly interdependent, showing that nonprofits contribute to the evolution of firms' business model. In this paper, we focus on nonprofits' business model which has still received little attention. The business model of firms is to convert their economic capital into symbolic capital by "purchasing" symbolic capital through partnerships with nonprofits. Studies have pointed to the potential business benefits of the external strategies of corporate social responsibility efforts (Maignan & Ferrell, 2004, Maucuer, 2013). The nonprofit business model within social alliances is as follows: nonprofit organizations accumulate symbolic capital as socially responsible organizations and then, they "convert" it into economic capital through corporation contributions in order to accomplish their missions and to become more visible to the public (Sanzo, Álvarez, Rey, & García, 2015). In doing so, however, they run the risk of losing credibility by partnering with firms, particularly when they associate themselves with corporations that have socially irresponsible business practices.

Based on the business model of nonprofits in social alliances, we propose a conceptual matrix of the models of conversion used by nonprofit in social alliances. Basically, there are four models of conversion that nonprofit organizations use to form alliances with firms (See Figure 1):

- *Civic model of conversion.* In accordance with the traditional model of capital conversion, nonprofit organizations are mainly funded by citizen donations and government and public administrations. They have a high level symbolic capital and are well-known and loved by the general public. Because of their high level of symbolic capital, the risk of losing it by getting involved with firms is significant. In this configuration, nonprofits are largely in confrontation with the business sector because they aim to protect their symbolic capital. In this model, we found advocacy nonprofits such as Greenpeace or Amnesty International.
- *Public model of conversion.* Nonprofits organizations which use the *public model* are mainly financed by government and public administrations. In the absence of financial constraints, they are not encouraged to rely on firms. Moreover, they do not convert their symbolic capital into economic capital through contributions from corporations because they are not targeted by firms due to their low level of symbolic capital. The nonprofit, Geneva Call, for example, which engages armed non-State actors in the respect of international humanitarian norms, is largely financed by government and public administrations, and has a low level of symbolic capital.
- *Selective model of conversion.* As with the civic model of conversion, nonprofits using the selective model of conversion have a high level of symbolic capital, but they choose to convert their symbolic capital into economic resources by making partnerships with firms, despite the risk of damaging their symbolic capital. In this configuration, nonprofit organizations gamble with their symbolic capital in order to acquire more economic capital. They are, therefore, funded by corporations, allied foundations and citizen donations.
- *Opportunistic model of conversion.* Nonprofits have largely entered into alliances with firms to acquire more economic resources and to pursue their missions. In this model, the risk of partnering with firms that adopt socially irresponsible practices is minimal since they have nothing to lose.

Indeed, these nonprofit organizations are characterized by a low level of symbolic capital. One nonprofit that fits this model is Acumen, founded in 2001 for the purpose of tackling poverty. It has a low level of symbolic capital and receives more than 90% of its support from corporations and allied foundations.

**Figure 1. Models of conversion by nonprofits in social alliances**



## 4. METHODS

Using the research question – Which models of conversion do non-profit organizations use in forming social alliances? – we have described the various configurations of nonprofit and for profit alliances. Next, guided by the theoretical framework, we empirically test our conceptual model.

### 4.1 EMPIRICAL METHOD

Since there is a lack of publicly accessible official data on nonprofit, the empirical analysis is based on the nonprofit list published by the United Nation secretariat for non-governmental organizations.

We investigated both, annual and financial reports, on each nonprofit website for the year 2015 regarding especially the amount of its economic capital from different sources (citizen, public, corporation and other funds) and symbolic capital (likes on Facebook pages). We obtained a final sample size of 101 nonprofits. We conducted a data triangulation from the Top 100 ranking of NGO advisor in order to reach the highest possible representativity of the sample. NGO advisor is an independent media organization based in Geneva that investigates, scores, and ranks nonprofit worldwide. The recovery rate between the Top 100 NGOs and our sample is satisfactory (higher than 75%). Our conceptual model led us to predict that there are four different models of conversion that nonprofits use to convert their symbolic capital into economic capital in current social alliances. Our aim is to classify the alliance model used by nonprofits into categories defined in terms of the conversion model used. In the first step, we use a classification procedure and in the second step, in order to characterize the models of conversion used by nonprofits, we conduct a multinomial logit model.

#### **4.1.1. Clustering procedure (Step 1)**

Clustering has been used in strategy research and organizational studies to develop taxonomies and business strategies in global industries (e.g. Harzing, 2000; Kabanoff & Brown, 2008). We apply the explorative method of *K-means* cluster analysis procedure (non-hierarchical procedures). Based on the conceptual matrix, we have required four clusters and we have chosen eight variables related to financing sources in order to capture which funding sources they most employ. In order to do this, we used the following variables: (i) the amount of economic contributions provided by corporations and allied foundations in their total income in 2015 (in log) [CorporationFunds], (ii) the share of economic contributions provided by corporations and allied foundations in their total income in 2015 (in percent) [CorporationShare], (iii) the amount of government and public administration funding in their total income in 2015 (in log) [PublicFunds], (iv) the share of government and public administration funding in their total income in 2015 (in percent) [PublicShare], (v) the amount of citizen donations in total income for 2015 (in log) [CitizenFunds], (vi) the share of citizen donations in total income for 2015 (in percent) [CitizenShare], (vii) the amount of other

income in total income for 2015 (in log) [OtherFunds] and (viii) the share of other income in total income for 2015 (in percent) [OtherShare]. To assess the stability and validity of the final cluster solution, we looked at two criteria of cluster validity: the statistical accuracy of the classification measured by the ratio of within-cluster and between-clusters variances (Fisher's test) and the number of nonprofits per cluster. According to these criteria, our model is satisfactory.

#### **4.1.2. Multinomial probit regression (Step 2)**

After the clustering procedure, Step 2 characterizes the four clusters ranging from 1 to 4 [ClusterICC] as the dependent variable in a multinomial probit model with the following independent and control variables: (i) the number of users who like the NPO's Facebook pages [FollowersFace], the segment of NPOs [Seg\_Env], the localization of their headquarters [Head\_EU] and the age of nonprofit [Ancien\_R] (Table 1). All independent and control variables are expressed as binary variables, except for the age of nonprofit. The multinomial probit model estimates allow us to distinguish the effects of these explanatory variables for each category. The specification tests give satisfactory results (Wald and Variance Inflation Factor tests).

#### **4.2. VARIABLES AND MEASURES**

Our data describe the two forms of capital as variables (Table 1): Economic and Symbolic Capital and they are measured as follows:

- *Economic Capital* In order to measure the economic dimension of nonprofit organizations, we examined the different funding sources: (i) The share and the amount of corporation and allied foundation economic contributions in the total income in 2015, (ii) The share and the amount of the government and public administration contributions in the total income in 2015, (iii) The share and the amount of citizen donations in the total income in 2015 and finally the share and the amount of other incomes in the total income in 2015. Overall, these variables allow to capture the main sources of economic capital for nonprofits.

- *Symbolic capital.* This is a theoretical concept difficult to define and measure. To date, scholars have not developed a proxy to measure it. As the indicator of the latent variable symbolic capital, we have used a proxy based on the number of likes on Facebook. To do this, for each nonprofit organization, we have reported the number of likes for each institutional Facebook page. Facebook can be an interesting proxy to measure the symbolic capital of nonprofit organizations for many reasons. First, Facebook is used by approximately 1.55 Billion people each month and more than 1 billion people are on Facebook each day. Furthermore, it is now possible for nonprofit organizations to raise funds through their Facebook pages, thus, all NPOs in our sample have an institutional Facebook page. We predict that people who are interested in a nonprofit in particular will follow this nonprofit via their Facebook page for the purposes of bringing the latest updates. Finally, in other fields such as marketing, political sciences and more largely social sciences, social media sites are widely used in empirical studies (Dijkmans, Kerkhof, & Beukeboom, 2015; Park, Kee, & Valenzuela, 2009; Rutter, Roper, & Lettice, 2016). According to Kosinski et al. (2015), Facebook is an important research tool for the social sciences. Given the extent of the variable, we have divided this variable by ten thousand.

In this study, we use several control variables. The first control variable is the segment of nonprofit organizations. According to Shumate et al., (2016), the segment is important because they suggest that the environmental, health and human service nonprofits make more alliances than other segments (Shumate et al., 2016). Therefore, we propose to include this control variable in order to detect possible differences in forming alliances based on the segment of nonprofits. The second control variable is the Headquarters. We have operated on a regrouping and created two binary variables: Europe including Switzerland and otherwise. We include this variable of headquarters because we suggest that based on the location of their headquarters, nonprofits may engage in with the for-profit sector in different ways. The third illustrative variable is the age of nonprofits.

**Table 1. Variables and descriptive statistics (N=101)**

<b>Variables (acronym)</b>	<b>Description</b>
<i>Description of the variables used in the classification procedure</i>	
<b>CorporationShare</b>	The share of corporation and allied foundation economic contributions in total income in 2015 (from 0 to 1)
<b>PublicShare</b>	The share of governmental and public administration funding in total income in 2015 (from 0 to 1)
<b>CitizenShare</b>	The share of citizen donations in total income for 2015 (from 0 to 1)
<b>OtherShare</b>	The share of the other income in total income for 2015 (from 0 to 1)
<b>CorporationFunds</b>	The amount of corporation and allied foundation economic contributions in total income in 2015 (in log)
<b>PublicFunds</b>	The amount of governmental and public administration funding in total income in 2015 (in log)
<b>CitizenFunds</b>	The amount of citizen donations in total income for 2015 (in log)
<b>OtherFunds</b>	The amount of other incomes in total income in 2015 (in log)
<i>Description of the variables used in the econometric estimation</i>	
<b>Dependent Variable: ClusterICC (variable resulting from the classification procedure)</b>	
<b>ClusterICC</b>	= 1 (ref.) if nonprofits belong to the cluster 1 (Civic model) = 2 if nonprofits belong to the cluster 2 (Selective model) = 3 if nonprofits belong to the cluster 3 (Public model) = 4 if nonprofits belong to the cluster 4 (Opportunistic model)
<b>Independent and control variables</b>	
<b>FollowersFace</b>	Facebook Likes: the number of users who like the NPO's Facebook pages (Facebook Likes:/ 10'000)
<b>Seg_Env</b>	= 1 if nonprofit organizations operate in environment segment; 0 otherwise
<b>Head_EU</b>	= 1 if the headquarter of nonprofit organizations is located in European countries (UK, Ireland, Netherlands, Denmark, Belgium, France, Austria, Spain, Germany, Switzerland); 0 otherwise
<b>Ancien_R</b>	Age of nonprofit

## 5. EMPIRICAL FINDINGS

### 5.1. CLUSTERING RESULTS

Four consistent and statistically significant clusters have been identified. The results may be interpreted by comparing the means in each cluster (Table 2).

**Table 2. Interpretation of clusters**

CLUSTERS	Mean							
	Corporation Funds	Corporation Share	Public Funds	Public Share	Citizen Funds	Citizen Share	Other Funds	Other Share
<b>No.1= Civic Model</b> (N= 47)	<b>6.07</b>	0.20	<b>6.88</b>	<b>0.34</b>	<b>6.70</b>	<b>0.28</b>	<b>6.60</b>	0.19
<b>No.2= Selective Model</b> (N=35)	<b>6.22</b>	<b>0.46</b>	1.10	0.00	<b>5.77</b>	<b>0.34</b>	5.27	0.22
<b>No.3= Public Model</b> (N=9)	3.02	0.17	<b>6.27</b>	<b>0.56</b>	1.40	0.01	4.77	<b>0.29</b>
<b>No.4= Opportunistic Model</b> (N=10)	<b>7.59</b>	<b>0.43</b>	<b>7.39</b>	<b>0.35</b>	1.00	0.00	<b>7.42</b>	<b>0.28</b>
<b>Total (N=101)</b>	6.00	0.31	4.87	0.24	5.34	0.25	6.06	0.22

*The mean is in bold when it is significantly higher within the considered cluster.*

With regard to the means of the clusters, the first cluster coincides with the nonprofit organizations which are supported primarily in amount and share through government and public administration (*PublicFunds*=6.88 and *PublicShare*=0.34) and secondly through citizen donations (*CitizenFunds*=6.70 and *CitizenShare*=0.28). According to our conceptual model, we suggest that it corresponds to the *civic model*. The second cluster corresponds to the *selective model*. This configuration coincides with the nonprofit organizations which are mainly funded by corporations and allied foundations (*CorporationFunds*=6.22 and *CorporationShare*=0.46) and citizen donations. The amount and the share of citizen donations represent the second source of funding (*CitizenFunds*=5.77 and *CitizenShare*=0.34). The third cluster corresponds to the *public model*. Nonprofits in this cluster are characterized by a high amount and proportion of government and public administration support (*PublicFunds*=6.27 and *PublicShare*=0.56). Finally, the last cluster corresponds to the *opportunistic model*.



These nonprofits are largely funded by corporations and allied foundations (*CorporationFunds*=7.59 and *CorporationShare*=0.43). They are also supported by government and public administration (*PublicFunds*=7.39 and *PublicShare*=0.35) and other types of income (*OtherFunds*=7.42 and *OtherShare*=0.28).

## 5.2. MULTINOMIAL PROBIT REGRESSION RESULTS

A multinomial probit regression is used to analyze which factors determine the probability of belonging to one of the four clusters. The estimation results are presented in table 3. All results from the multinomial probit must be interpreted with the same reference. Model 1 considers membership to cluster 1 “*civic model*”. The first model is retained as the base outcome. The other models will be estimated according to model 1.

**Table 3. Results of multinomial probit regression**

Variables	Cluster 2 Selective model (s.d.)	Cluster 3 Public model (s.d.)	Cluster 4 Opportunistic model (s.d.)
<b>FollowersFace</b>	-0.00 (0.01)	-0.45** (0.11)	-0.03† (0.02)
<b>Seg_Env</b>	0.46 (0.49)	-1.00 (0.76)	-1.67** (0.59)
<b>Head_EU</b>	-0.62 (0.45)	-0.69 (0.75)	-1.86** (0.64)
<b>Ancien_R</b>	-0.03* (0.01)	-0.04* (0.02)	0.00 (0.01)
<b>_cons</b>	0.66 (0.66)	1.90 (1.05)	0.57 (0.66)
<b>Observations (N)</b>	101	101	101
<b>Log pseudo likelihood</b>	-88.74	-88.74	-88.74

*Estimated coefficients are rounded to two decimal places. Robust and standard errors (using heteroscedastic-consistent errors from White's (1982) procedure are reported in brackets. Estimated coefficients are statically different from 0 ( $p < .10$  †  $p < .05$  \*  $p < .01$  \*\*)*

The results of the multinomial probit analysis indicate some significant effects. Model 2 considers affiliation to the cluster 2 “*selective model*”. The probability of belonging to the “*selective model*” will be stronger when nonprofits are young. The *Age* variable has a negative and significant effect ( $p = -0.03^*$ ). The variables related to symbolic capital as well as the segment in which nonprofit organizations operate and the localization of their headquarters in Europe have no significant impact. Model 3 considers affiliation to the cluster 3 “*public model*”. The variable of *symbolic capital* has a negative and significant impact ( $p = -0.45^{**}$ ). The probability of belonging to the *public model* will be stronger when nonprofits have a low level of symbolic capital. Results also show a negative and significant effect from the *Age* of nonprofit ( $p = -0.04^*$ ). The youngest nonprofits are more likely to be classified in the *public model*. The other variables of the segment as well as the localization of their headquarters in Europe have no significant impact. Model 4 corresponds to the *opportunistic model*. It is interesting to note that the variable of symbolic capital is negative and significant ( $p = -0.03^\dagger$ ). Therefore, the probability of belonging to the *opportunistic model* will be more significant when nonprofits have a low level of symbolic capital. Moreover, the variable of the environmental segment is negative and significant ( $p = -1.67^{**}$ ) and the variable of localization of headquarters in Europe also has a negative and significant effect ( $p = -1.86^{**}$ ). This means that the nonprofits which operate in a social segment and whose headquarters are not in Europe will be more likely belong to the *opportunistic model*. The variable of the *Age* of nonprofits has no significant effect.

## 6. DISCUSSION AND IMPLICATIONS

### 6.1 MAJOR FINDINGS

#### 6.1.1. Models of conversion of capital by nonprofit organizations

Our results suggest that the traditional business model of nonprofit organizations began to change when firms and allied foundations started to reach out to nonprofits.

Therefore, nonprofits are currently developing models to convert their symbolic capital into economic capital through the business sector. Our results show four models of conversion by nonprofit organizations. Regarding the main characteristics of each model, the *selective* model is a model of conversion based on the conversion of symbolic capital into economic capital through corporation and allied foundations and citizen donations. The sole significant and negative explanatory variable of using this model is the age of the nonprofit. The explanatory variable of symbolic capital has no significant effect. This suggests that they do not need to put forward their image and reputation as socially responsible organization to attract business. The *public* model of conversion is based on the conversion of symbolic capital into economic capital through government and public administration. The probability of using the *public* model will be greater when nonprofits have a low level of symbolic capital and when they are young organizations. Two explanations can be put forward to explain this finding. First, nonprofits may not forge alliances with businesses because they are not targeted by firms due to their low level of symbolic capital. Second, since they obtain recurrent funds from governments and public administrations, they do not face harsh financial constraints.

Our findings also suggest that nonprofits that use the *opportunistic* model of conversion are largely funded by corporations and allied foundations. Moreover, the probability of using the *opportunistic* model will be stronger when nonprofits have a low level of symbolic capital, when they operate in social segments and when they are located outside Europe. Given their poor recognition, nonprofits cannot select their business partners, but must cooperate with any firm regardless of its environmental, social and governance practices. As a result, the nonprofits' exposure to risks of partnering with firms, as well as socially and irresponsibility firms is minimal. Indeed, they have nothing to lose.

#### **6.1.2. Symbolic capital as a determinant of belonging to models of conversion**

Our findings suggest that the symbolic capital of nonprofit organizations is a determining factor of affiliation with a model of capital conversion.

In fact, the probability of using the *public* and *opportunistic* models is higher when nonprofits have a low level of symbolic capital. For the *selective* model, although the explanatory variable of symbolic capital has no significant impact, we expect this result because the nonprofits which use the *selective* model cooperate largely with corporations with a socially responsible image. These results become even more interesting because there is a lack of information about the determinants of alliance models used by nonprofits in previous studies. Our results also indicate that the nonprofits which adopt an *opportunistic* model of conversion will more likely operate in the social segment and be located outside Europe and Switzerland.

## **6.2. IMPLICATIONS AND LIMITATIONS**

Our study contributes to non-profit and social alliance literature by attempting to redress the imbalance and also extends scholarship about social alliances from the non-profit perspective (Greenspan, 2014; Nijhof et al., 2008; O'Connor & Shumate, 2014). Adding to social alliance research, our results suggest that Bourdieu's theory of forms of capital and the mechanisms of conversion of capitals provides an adequate theoretical framework to understand the process of conversion by nonprofits in social alliances. By using this framework to explore social alliances, we are able to examine the process of capital conversion and therefore go further in our understanding of the models of conversion by nonprofits with businesses.

Our results also help to operationalize the concept of symbolic capital. Whereas previous works have operationalized economic, social and cultural capital from empirical and theoretical studies, scholars have not yet operationalized a measure of symbolic capital. Although this concept remains a difficult notion to define and measure, our study suggests a way to measure the symbolic capital of nonprofit organizations. Our analyses and results also have implications for the nonprofit sector. The results indicate that nonprofits have several alliance models in which the risks can be enormous depending on the type of model of conversion and the level of symbolic capital.

It is crucial for nonprofit actors, therefore, to know the potential consequences so they may align their alliance strategy with their goals and resources. This analysis, therefore, has managerial implications because it can serve to provide decision support regarding social alliances and how to form them.

This research also has limitations, in particular, the dataset is limited in the sample size tested, leading to the fragility of the statistic model. This is also evident in reality, where our models of conversion represent a simplification of the reality – a simplification which is helpful for classifying nonprofits and understanding their models of conversion, but which also reveals a number of grey areas among clusters. Because of data limitations, the risk assumption around the selective and opportunistic models has not been addressed in this study but it would deserve to be more fully explored. Future research should also test these models of conversion with a larger sample size.

## **7. CONCLUSION**

In summary, this research sought to fill an important gap in the literature on social alliances from the perspective of nonprofit organizations. The increasingly close connection between the non-profit and for-profit sectors has heightened concern about research concerning nonprofit organizations. This study indicates two major findings. On one hand, our results suggest four models of capital conversion used by nonprofits to convert symbolic capital into economic capital in current models of social alliances. With these strategies, businesses provide a way for nonprofits to rapidly acquire greater financial resources while alliances with corporations also emerge as risky gambles for nonprofit organizations. Finally, symbolic capital is shown to be an explaining factor for certain nonprofits, especially the opportunistic ones. We hope our research will inspire future studies on the behavior of nonprofits in social alliances.

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