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How Do NPOs Get Funding? A Business Model Perspective Based on the Conversion of Symbolic Capital

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Abstract

Despite intensive research dedicated to both social alliances and business models, a research gap persists with regard to why and how nonprofit organizations (NPOs) choose (or not) to partner with for-profit organizations (FPOs) to obtain funding. By adopting an NPO-centered analysis, this article presents a new framework, based on Bourdieu's forms of capital. With an explicit consideration of symbolic capital—and the risks of damaging it if the NPO turns to FPOs for funding—the authors explore specific issues related to NPO business models. The empirical test of the framework relies on an original database of 150 nongovernmental organizations with international scope. It reveals four distinct business models (public, civic, opportunistic, and diversified) and demonstrates that a high stock of symbolic capital gives organizations the power to choose and eventually diversify their funding sources, including partnering with select FPOs.

Keywords

business model, social alliances, nonprofit organizations, symbolic capital, economic capital

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Introduction

Demands for corporate social responsibility (CSR) encourage businesses to create partnerships with nonprofit organizations (NPOs; Selsky & Parker, 2005), which represent special stakeholders that act on behalf of the common good (Arenas et al., 2009). Berger et al. (2006) refer to business–NPO partnerships as "social alliances," characterized by a voluntary collaboration to address social or environmental issues with non-economic objectives. Social alliances are not a new phenomenon but have increased significantly in recent years, due in part to general reductions in public aid and growing competition for donors (Drumwright et al., 2004). However, not all NPOs regard corporate donations as a viable, alternative source of funding, because of the potential reputational risks they create. That is, an NPO's image can easily be tarnished if its business partner's reputation deteriorates as a result of its social or environmental misconduct (Al-Tabbaa et al., 2014). For example, The Nature Conservancy suffered diminished citizen donations, by 23%,[1] after its corporate partner British Petroleum spilled massive amounts of oil in the Gulf of Mexico in 2010.

Even though NPOs thus confront difficult decisions and trade-offs with regard to seeking funding from businesses, no NPO business model literature establishes a clear sense of these relevant issues or the challenges associated with their potential engagement with for-profit organizations (FPO) as partners. Literature on social alliances tends to privilege a positive, idealistic vision of partnerships (Seitanidi, 2010; Tomlinson, 2005), neglecting tensions and often relegating the NPO's perspective to the background (Burchell & Cook, 2013). Literature on business models similarly prioritizes for-profit–oriented business models, despite recognition of NPOs as a specific class, with distinctive features that should inform their models (i.e., not oriented toward profit, dependent on external donors) (Brehmer et al., 2018). We therefore propose to develop a novel business model framework that can answer a key question: *Why and how NPOs do choose (or not) to obtain funding from FPOs?*

In particular, we adopt an NPO perspective and rely on Bourdieu's theory of the forms of capital to conceptualize NPO business models in relation to external funding partners (i.e., citizens, public institutions, and FPOs). This perspective reveals a powerful mechanism by which NPOs, as socially responsible organizations, can convert their symbolic capital into economic capital with FPO partners, while also limiting the reputational risks associated with such partnerships. In turn, we empirically test this conceptualization among a specific category of NPOs, namely, international nongovernmental organizations (NGOs),[2] excluding foundations. This subclass of NPOs confronts unique issues and frequently depends on external donors (Foster et al., 2009). With an original database of 150 NGOs, gathered from a United Nations (UN) list, we implement a multinomial probit analysis and identify four distinct business models (public, civic, opportunistic, and diversified). The results reveal that a high stock of symbolic capital grants an NGO the power to choose its sources of funding and then diversify its funding, by partnering with carefully chosen FPOs.

With these insights, this study contributes to both business model and social alliance literature. First, with our NPO-centered analysis, we move beyond conventional,

largely instrumental, and for-profit–oriented views. Bourdieu's perspective on the forms of capital provides an original approach to specific issues pertaining to NPO business models. This study accordingly offers new understanding of how NPOs can deploy their intrinsic capabilities to acquire (or not) resources through partnerships with corporations.[3] Second, we affirm that social alliances are not a risk-free strategy for NPOs. As socially responsible organizations, NPOs could suffer damage to their image if they form alliances with irresponsible corporations. Third, this study establishes symbolic capital as a key antecedent of the selection of an appropriate NPO business model.

Literature Review

Social Alliances: Bringing NPOs to the Forefront

In recent decades, the number of business–NPO partnerships has grown rapidly (Drumwright et al., 2004; Elkington & Fennell, 2000), raising scholarly interest in this topic. Social alliance literature has primarily taken the firm's perspective (Laasonen et al., 2012; Manning & Roessler, 2014), though some contributions actively seek an NPO perspective (Burchell & Cook, 2013; Harris, 2012). Social alliances are distinct from business-to-business alliances in two main ways: They involve at least one nonprofit partner, and they include non-economic objectives (Drumwright et al., 2004). As a consequence, they are riskier than other alliances, because the partners do not share the same motivations or objectives for engaging in the partnership (Simpson et al., 2011). The motivations of NPOs tend to be altruistic, whereas those of businesses predominately involve self-interested goals. Thus, NPOs enter into social alliances to increase attention to and support for CSR issues (den Hond et al., 2015) and obtain financial resources from corporate partners (Selsky & Parker, 2005). Businesses instead usually enter these collaborations to gain recognition and reputation from being part of CSR programs (Dahan et al., 2010; Jamali & Keshishian, 2009).

Social alliances provide instruments to achieve both partners' goals, including competitive advantages, growth, and economic and social value (Le Ber & Branzei, 2010b). Substantial literature describes value creation as the *raison d'être* of social alliances (Austin & Seitanidi, 2012a). Existing conceptual frameworks explore value creation in both business and social dimensions, according to the benefits for different partners. However, many studies of value creation adopt positive or even idealistic views (Tomlinson, 2005), with the assumption that these alliances provide win–win outcomes (Austin & Seitanidi, 2012b; Seitanidi et al., 2010; van Tulder et al., 2016), without considering their tensions and challenges (Tomlinson, 2005). It is important to take a more critical perspective on business–NPO partnerships, especially considering evidence that the costs tend to be higher for the NPOs than the FPOs (Seitanidi, 2010; Selsky & Parker, 2010). In particular, an NPO may imperil potential donations if it collaborates with a highly visible, wealthy partner (Gourville & Rangan, 2004); it also could suffer damage to its reputation, credibility, and image if it connects with a corporation that followers or donors consider inappropriate (Rivera-Santos & Rufín,

2010). Considering the reputational risks involved, partnerships with corporations may not be appropriate for all NPOs (Ählström & Sjöström, 2005).

Business Models: NPOs as a Specific Class

In business model literature, we find insights that suggest ways to identify the issues that NPOs face. In this literature domain, NPOs constitute a specific class (Brehmer et al., 2018; Yunus et al., 2010), in that they operate not to earn profit for shareholders but rather to serve society (Moore, 2000). Their funding structure creates key challenges and risks, because it relies heavily on external donors (Foster et al., 2009). Thus, theoretical business models developed in relation to FPOs might not apply to NPOs. Business model literature historically has prioritized economic value creation (Teece, 2010). Although some recent studies consider NPOs and sustainable business models (Geissdoerfer et al., 2018; Pedersen et al., 2018), NPOs continue to be studied as secondary stakeholders, and no existing business model conceptualization features NPOs as the focal organization. Such research gaps related to the determinants and risks for NPOs that seek funds from businesses mean that we still know little about why and how NPOs choose (or not) to be funded by FPOs. We turn to Bourdieu's theory on the forms of capital to explore the specificities of NPO business models, according to their symbolic capital and the risk of damage to it, if the NPO partners with FPOs.

Bourdieu's Model of Capital Conversion

Forms of capital. Bourdieu's theory defines capital more broadly than the monetary notion of capital in economics; in his view, capital is a generalized "resource" that can assume monetary, non-monetary, tangible, and intangible forms (Bourdieu, 1986, p. 243). This resource (i.e., capital) provides its holders with power and an advantageous position in the field[4] in which it is produced and reproduced (Bourdieu, 1979).

Bourdieu (1986, 1993) proposes four distinct forms of capital: economic, social, cultural, and symbolic. Economic capital refers to financial resources such as monetary income and provides a base from which other forms of capital can be acquired and developed (Bourdieu, 1986). Social capital aggregates the actual or potential resources related to the possession of a durable network of more or less institutionalized relationships (Bourdieu, 1986). That is, it is the sum of actual and potential resources that can be mobilized through membership in social networks of actors and organizations (Anheier et al., 1995). Because social capital is the nexus of an organization's relationships with stakeholders and other organizations, "the volume of social capital possessed by a given agent depends on the size of the network of connections he can effectively mobilize and on the volume of the capital (economic, cultural or symbolic)" (Bourdieu, 1986, p. 249). Cultural capital exists in various forms, including long-standing dispositions and habits acquired through socialization, as well as the accumulation of valued cultural objects such as paintings, formal education, qualifications, and training. Finally, symbolic capital is "being known and recognized and is

more or less synonymous with: standing, good name, honor, fame, prestige and reputation" (Bourdieu, 1993, p. 37). Furthermore, because symbolic capital is "a degree of accumulated prestige . . . [it] is founded on a dialectic of knowledge and recognition" (Bourdieu, 1993, p. 7). It confers a benefit or credit

> In the broadest sense, a kind of advantage, a credence, that only the group's belief can grant to those who give it the best symbolic and material guarantees, it can be seen that the exhibition of symbolic capital which is always expensive in material terms. (Bourdieu, 1993, p. 120)

Symbolic capital might be the most important form, because its possession enhances and legitimizes the accumulation of all other forms of capital (Pret et al., 2016). According to Fuller and Tian (2006), socially responsible acts create symbolic capital that stakeholders may perceive as valuable, and in turn, the actors can leverage power from resulting perceptions of prestige and repute.

Accumulation and capital conversion. For Bourdieu (1986), capital conversion occurs in two consecutive stages: accumulation and conversion. All forms of capital can be accumulated in a specific field, and each form also has the potential to be convertible (Bourdieu & Wacquant, 2013). For this study, we focus on how NPOs convert their symbolic capital, defined as social recognition (i.e., prestige), into economic capital, which involves economic resources.

Conventional versus alternative models of capital conversion. In social alliances, conversions among economic and symbolic capital are critical. The NPOs often possess more symbolic capital, manifested by their social mission and socially responsible acts, but they require economic capital to sustain their operations. Because they do not actively seek profits (even if they might earn some), they typically depend on external donors (Foster et al., 2009), such as citizen and public subsidies, in a conventional model of conversion (Figure 1). Competition for funding among NPOs has prompted searches for new funding opportunities in recent decades though, so many of them ally with FPOs, as an alternative source of financial support. For businesses, partnerships with NPOs promise a valuable means to appear socially responsible. These benefits suggest an alternative model (Figure 1), which some NPOs use to convert their symbolic capital into greater economic capital. We propose,

> **Hypothesis 1:** The stock of symbolic capital of an NPO has a significant and positive effect on the probability of obtaining funding from businesses.

However, these alliances also create risk, because FPOs may engage in irresponsible practices, which would damage the NPOs' symbolic capital, derived from their social responsibility. Thus, NPOs with a high stock of symbolic capital that choose to engage with businesses may be able to do so in a non-exclusive manner, such that they are able to select their chosen business partners carefully. We propose,

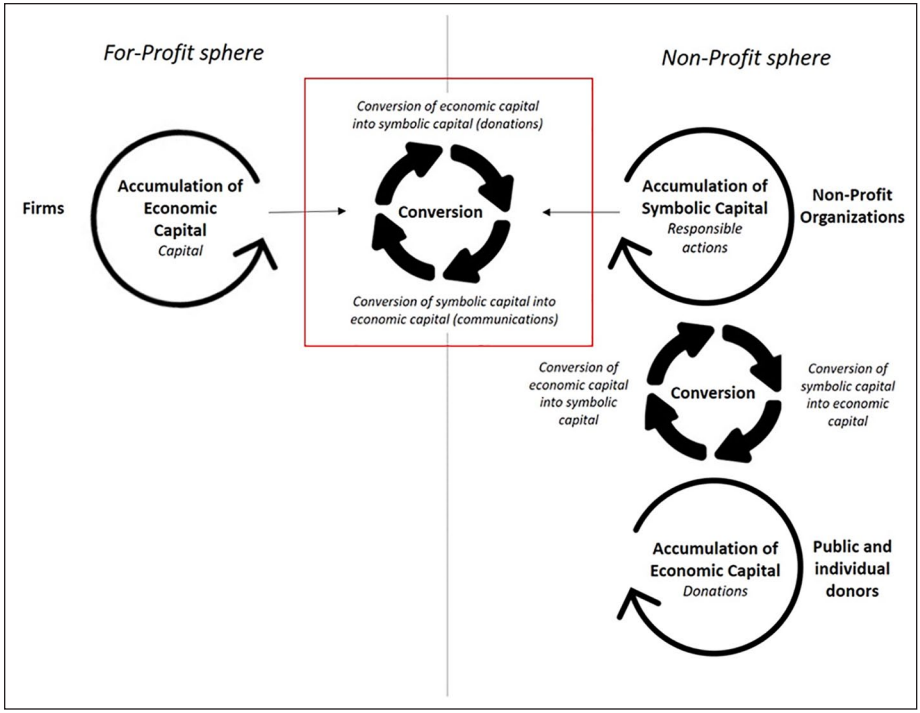

Figure 1. Conventional and alternative models of conversion.

Hypothesis 2: A high stock of symbolic capital has a significant and positive effect on the probability of obtaining diversified funding.

Method

Measures and Methods

Sample and data. We constructed an original database, using the Integrated Civil Society Organizations System developed by the Department of Economic and Social Affairs of the UN. We selected only NGOs with international scope, whose fields of intervention are social, environmental, humanitarian, or educational (see Appendix A). For each NGO, we carefully checked its annual and financial reports to identify the structure of its revenues at the end of the 2015 fiscal year, broken down by external funding sources (i.e., citizens, public institutions, and corporations). We also obtained information about self-generated revenues. From the population of 1,384 international NGOs, we obtained complete data about 150 NGOs, which constitute our sample. This 11% completion rate is comparable to that of Felício et al. (2013), who study nonprofit social organizations. It also reflects the study context; many NGOs do

not provide information about their funding sources or differentiate citizen versus corporate funds. To guarantee the quality of our sample, we conducted data triangulation with ranking data from NGO Advisor.[5] Among the top 100 NGOs (in 2015), 78 appear in our sample, so it includes many of the best performing NGOs in terms of their impact, innovation, and governance.

Variables

Dependent variable: Structure of NPOs' economic capital. Our data provide details about the structure of economic capital held by each NPO at the end of the 2015 fiscal year. For each NPO, we obtain information about its total income in euros (*INCOME*). We then identify different external sources of funding, including governments and public administrations (*GOVLOG* and *GOVSHARE*), citizens (*CITILOG* and *CITISHARE*), and corporations (*CORPLOG* and *CORPSHARE*). The amount (log and share) of each source of funding corresponds to each NPO's total income. With these seven variables, we can classify the NPOs according to the structure of their economic capital.

Accordingly, we run a principal component analysis (PCA) and K-means classification procedures to obtain clusters of NPOs that share the same economic capital structure. The first PCA of the seven core variables (INCOME, GOVLOG, GOVSHARE, CITILOG, CITISHARE, CORPLOG, and CORPSHARE) operationalizes the structure of economic capital. The Kaiser–Meyer–Olkin score ($>.5$) and Bartlett's test of sphericity ($p < .000$) indicate satisfactory results. This PCA identified three factors (single eigenvalue >1) that explain 78% of total variance. Next, we undertook a nonhierarchical cluster analysis using the scores revealed by the factoring analysis. To determine the final number of clusters, we used three common criteria (Hardy, 1996; Hartigan & Hartigan, 1975): (a) the statistical accuracy of the classification (Fisher's test), (b) the number of NPOs per cluster, and (c) the significance of the clusters identified. With these criteria, we identify a version with four clusters of NPOs as optimal.[6] That is, we obtain four consistent, statistically significant clusters from the classification procedure. To interpret the four clusters, we calculate the mean of each indicator in each cluster (Table 1).

In Cluster 1, the 36 NPOs are mainly funded by citizen donations and do not really engage in for-profit alliances. Citizen donations represent 60% of their total income, for a log amount of 6.50. All other funding sources are significantly underrepresented (in both share and amount). In contrast, Cluster 2 features 34 NPOs that use corporations as their main source of funding. The share of total income funded by corporations (64%) is significantly higher than that of the other clusters. These NPOs also benefit from a particularly high amount of funding from their corporate partners (6.48), whereas individual donations and government support represent small (non-significant) portions of their total income. Cluster 3 includes 38 NPOs that rely heavily on government and public institutions, which contribute 59% of their total income, in log amounts of 5.93. Finally, Cluster 4 comprises 42 NPOs with diverse sources of income:

Table 1. NPO Clusters.

	M						
Economic capital (EC)	INCOME	GOVLOG	GOVSHARE	CITILOG	CITISHARE	CORPLOG	CORPSHARE
C1 Funded by citizens ($N = 36$)	6.79	1.92	.03	**6.50**	**.60**	5.37	.18
C2 Funded by corporations ($N = 34$)	6.71	2.62	.06	4.83	.13	**6.48**	**.64**
C3 Funded by public institutions ($N = 38$)	6.77	**5.93**	**.59**	3.44	.09	4.06	.13
C4 Funded by diversified donors ($N = 42$)	**8.03**	**7.11**	**.27**	**6.18**	**.29**	**6.96**	.22
Total ($N = 150$)	7.11	4.55	.24	5.26	.28	5.73	.28

Note. Boldface cells indicate that the mean is significantly higher for the considered cluster.

public institutions (27%), citizens (29%), and corporations (22%). They earn the most income (8.03, cf. mean of 7.11).

The four clusters thus align with our conceptual model; the conventional model is still well represented, but corporate funding offers a viable alternative for some NPOs to gain economic capital. The NPOs funded by citizens (Cluster 1) and public institutions (Cluster 3) reflect a *conventional model of conversion*, but we also identify two types of NPOs that partner with FPOs (Clusters 2 and 4) and go beyond conventional options, signaling an *alternative model of conversion*. Considering these findings, we introduce an *economic capital (EC)* variable as our main dependent variable. Its scores range from 1 to 4, and it captures the four distinct structures of NPOs' economic capital (see Table 2).

Independent variable: Symbolic capital of NPOs. Symbolic capital[7] is a difficult concept to measure (Mitchell & Stroup, 2017). We conducted an extensive review of prior operationalizations (Appendix B). Among rare studies at the organizational level, Lehner (2014) leverages Bourdieu's model of capital conversion to investigate crowdfunded social ventures in a qualitative study. Lehner proposes a codification of symbolic capital into meaningful units, including certifications, legal status, and media representation. Similarly, we considered measures of symbolic capital that rely on media mentions (e.g., LexisNexis) and certifications, but they proved inappropriate for our study setting. The data from LexisNexis do not specify whether various publications evoke positive or negative associations with the mentioned NPOs. Certifications also are not a discriminatory variable; most international NGOs are certified. Moreover, previous studies suggest that certifications are not relevant criteria for attesting to the public recognition of NGOs (Baur & Palazzo, 2011) and have no effect on stakeholder support intentions (Szper & Prakash, 2011; Willems et al., 2017).

In contrast, social media may offer a stronger signal (Lehner, 2014). Recent studies demonstrate how the use of social media can enhance organizational images, legitimacy, and public recognition (Di Lauro et al., 2019; Laureano et al., 2018; Yang & Ji, 2019). In their systematic literature review, Di Lauro et al. (2019) identify a positive relationship between the use of social media and NPOs' image and public recognition. Similarly, several studies confirm that social media can reach wider audiences, which may be essential for NPOs competing for coveted funding (Di Lauro et al., 2019; Laureano et al., 2018). Notably, NGOs are active social media users, and Facebook dominates the social media market (Barnes & Andonian, 2011), so NGOs often raise funds through their Facebook pages, and stakeholders interested in a particular NGO probably follow it on Facebook to receive the latest updates (Cho et al., 2014). This combined evidence implies that followers on Facebook may be a satisfactory proxy for symbolic capital. When we interviewed employees of the NGOs in our sample, they affirmed the practical validity of such a measure (Appendix C). Therefore, using both theoretical and empirical arguments, we propose adopting Facebook followers as a proxy measure of NPOs' symbolic capital. In turn, we build two variables: an

Table 2. Variable Definitions.

Variable (acronym)	Description
Variables used in the PCA and classification procedure	
INCOME	Total income for each NPO at the end of 2015 fiscal year
GOVLOG	Amount of governmental and public administration funding in the NPO's total income in 2015 (in log)
GOVSHARE	Share of governmental and public administration funding in the NPO's total income in 2015 (in %)
CITILOG	Amount of individual donations in the NPO's total income for 2015 (in log)
CITISHARE	Share of individual donations in the NPO's total income for 2015 (in %)
CORPLOG	Amount of corporation and allied foundation economic contributions in the NPO's total income in 2015 (in log)
CORPSHARE	Share of corporation and allied foundation economic contributions in the NPO's total income in 2015 (in %)
Variables used in the econometric estimation	
Dependent variable: ECONOMIC CAPITAL (resulting from the classification procedure)	
	= 1 if the NPO belongs to the Cluster 1 (funded by citizens)
	= 2 if the NPO belongs to the Cluster 2 (funded by corporations)
	= 3 (ref.) if the NPO belongs to the Cluster 3 (funded by public institutions)
	= 4 if the NPO belongs to the Cluster 4 (funded by diversified donors)
Independent variables: SYMBOLIC CAPITAL	
SC	Number of users who follow the NPO's Facebook pages (Followers Facebook/10,000), early 2015
LARGE_SC	= 1 if the NPO has more followers than the sample mean; 0 otherwise
Control variables	
ENV	= 1 if the NPO operates in environment field; 0 otherwise
SOC	= 1 if the NPO operates in social field; 0 otherwise
HUM	= 1 if the NPO operates in humanitarian field; 0 otherwise
EDUC	= 1 if the NPO operates in educational field; 0 otherwise
H_US	= 1 if the headquarters of the NPO is in the United States; 0 otherwise
H_EU	= 1 if the headquarters of the NPO is in Western Europe (United Kingdom, Ireland, the Netherlands, Denmark, Belgium, France, Austria, Spain, Germany, Switzerland); 0 = otherwise
H_Other (ref.)	= 1 if the headquarters of the NPO is in Canada; 0 otherwise
AGE	Age of the NPO
Other_Funding	Amount of other sources of funding, including self-generated revenues, in the NPO's total income for 2015 (in log)
ADM	Amount of administrative expenses in the NPO's total income 2015 (in log)
ADM × H-EU	Indirect effect of administrative expenses (location of NPO)

Note. PCA = principal component analysis; NPO = nonprofit organization.

absolute measure of symbolic capital (*SC*) based on the number of followers each NPO has on Facebook (we recorded the number of followers of each institutional Facebook page in early 2015) and a dummy variable (*Large_SC*) that captures the relative stock of symbolic capital, such that it takes a value 1 if the NPO has more followers than the sample mean (and 0 otherwise).

Control variables. We include the field(s) in which the NPO intervenes as control variables; *ENV*, *SOC*, *HUM*, and *EDUC* signify, respectively, whether the NPO operates in the environmental, social, humanitarian, or educational field(s). According to Shumate et al. (2018), the field of intervention is important, because in some of them, NPOs tend to form more alliances with FPOs (e.g., environment, health, human services). We introduce the NPO's location and age too, which may affect the probability of obtaining funding, especially public funds (Aschari-Lincoln & Jäger, 2016). The dummies *H_EU* and *H_US* indicate whether the NPO is headquartered in Western Europe or the United States, respectively. As Doh and Guay (2006) show, financing differs notably between NPOs in these two regions, due to the distinct institutional settings; European NPOs arguably have benefited more from generous support from the European Commission. The *AGE* variable corresponds to the number of years the nonprofit has been operational. Another control variable pertains to the NPOs' administrative expenses (*ADM*), because an NPO's administrative costs could affect its capacity to attract economic resources (Nunnenkamp & Öhler, 2012). Specifically, higher administrative expenses may signal poor resource management and discourage potential donors. We also introduce the cross-variable *ADM*H-EU* as a control, because the level of NPOs' administrative expenses may vary with their location. Finally, we consider self-generated income by NPOs. Although NPOs' own resources tend to be much lower than those generated by other social organizations, such as social enterprises (Pedersen et al., 2018), their existence may allow for less dependence on external funding partners. Table 2 summarizes the variables.

Empirical procedure. We ran two probit multinomial models to distinguish the effects of symbolic capital measured in absolute (Model 1) and relative (Model 2) terms across the previously identified NPO clusters. That is, Models 1 and 2 differ only in the measure of symbolic capital that we use as the independent variable: the number of NPO followers on Facebook (*SC*) or the relative importance of NPOs' stock of symbolic capital (*Large_SC*). Both models use Cluster 3 as the reference, because it corresponds to a conventional public model of NPO funding (no alliances with FPOs). Using White's (1982) procedure, we check for potential heteroscedasticity and determine that Models 1 and 2 offer good explanatory power. The rates of appropriate predictions are 58.11% and 51.68%, respectively, significantly higher than 25% (Table 3).

Results

Model 1

Compared with a public funding model, the stock of symbolic capital of an NPO has a significant and positive effect on the probability of obtaining external funding from citizens (Cluster 1) and corporations (Clusters 2 and 4). In their search for new

Table 3. Econometric Results.

Dependent variable: Economic Capital	Model 1			Model 2		
	Cluster 1, funding by citizens	Cluster 2, funding by corporations	Cluster 4, funding by diversified donors	Cluster 1, funding by citizens	Cluster 2, funding by corporations	Cluster 4, funding by diversified donors
Independent variables						
SC	1.564103*** (.4857404)	1.300207** (.4967543)	1.457739** (.4938541)			
SC-Large				2.310237*** (.6415305)	1.237112 (.7554383)	1.964213*** (.6532481)
ENV	1.030474 (−6886742)	.7203196 (.6934311)	−.3011764 (.6677981)	1.049586 (.6596653)	.6071299 (.6963877)	−.487992 (.6491323)
SOC	.8713287 (.6316616)	.0287304 (.6377618)	.0320052 (.5889308)	.9228906 (.6110222)	−.0456419 (.6259978)	−.0642468 (.5798443)
HUM	−.7158098 (.828859)	−1.072681 (.8134279)	−2.098526** (.8159762)	−.4163038 (.7990845)	−.9963953 (.8218498)	−1.667324** (.7785444)
EDUC	−.4903641 (.6102395)	.0659898 (.6135677)	−1.653477** (.6327549)	−.3122364 (.5652825)	−.0003511 (.5982744)	−1.533969** (.618932)
AGE	−.0088609 (.0081627)	−.0610147*** (.0145511)	−.0025385 (.0073457)	−.0057719 (.0071975)	−.0552526*** (.0141469)	.0000958 (.007204)
H_EU	−5.46072** (2.646485)	−7.091836** (2.767465)	−4.804504 (4.085461)	−3.728503 (2.588737)	−6.265222** (2.716586)	−2.050066 (3.608526)
H_US	.6669592 (.9844503)	2.467227** (1.049299)	−.5157408 (.7830774)	.7400085 (.8951826)	2.336063** (1.016352)	−.3523159 (.7619153)
ADM	−1.012921** (.4101829)	−1.068273** (.4284632)	.6515661 (.4667601)	−.625304 (.4052868)	−.8849892** (.4099871)	.8439612** (.4185501)
ADM × H_EU	.9363368** (.4380971)	1.451382** (.4645974)	.6034167 (.6747345)	.650819 (.4431127)	1.291638** (.4596819)	.1527635 (.588857)
Other_funding	.0541176 (.1117677)	−.0305099 (.1157152)	.3406303* (.1924112)	.0312256 (.0926808)	−.0072366 (.1071546)	.2819729 (.1751801)
Cons	4.220775* (2.538192)	5.4324** (2.526928)	−5.001238** (2.486466)	2.323237 (2.44565)	4.608559* (2.501257)	−5.560164** (2.299902)
Number of obs.		150			150	
Log pseudo-likelihood		−133.3336			−141.80509	
Wald χ^2		118.20***			112.49***	
Rate of good predictions		58.11			51.68	

Note. Multinomial probit estimates. Cluster 3, funding by public institutions, is the reference category. Robust and standard errors using heteroscedastic-consistent errors from White's (1982) procedure are reported in brackets. Estimated coefficients are statistically different from 0 (*10%, **5%, ***1%).

resources, some NPOs also mobilize an alternative model, converting their symbolic capital into economic capital with FPOs, in support of H1. Their stock of symbolic capital allows these NPOs to obtain additional resources to fulfill their social mission. However, these NPOs rely on the FPOs to varying extents. Those in Cluster 2 mainly receive funding from corporations, whereas NPOs in Cluster 4 diversify their sources of funding and turn to corporations, citizens, and public institutions.

Among the control variables, the field in which the NPO operates affects the likelihood of a diversified economic capital structure, such that both humanitarian and educational fields exert significant, negative effects on inclusion in Cluster 4. Age and a location in Europe have significant, negative effects on the probability of being funded by corporations (Cluster 2), such that young NPOs and those not located in Europe are more likely to belong to this cluster. Location in Europe also has a negative effect on the probability of being funded by individual donors (Cluster 1). Finally, we find a negative, direct effect of administrative expenses on Clusters 2 and 1. In both cases though, this effect becomes positive when we also consider the European location of the NPO (*ADM*H_EU*). This result likely constitutes a signal of efficiency, in that the administrative expenses of European NPOs are much lower than those of U.S. NPOs on average.

Model 2

In line with our conceptual model, our data confirm a significant and positive effect of a large stock of symbolic capital on the probability of belonging to Cluster 4 (diversified funding). This result provides empirical evidence that NPOs with a large stock of symbolic capital are more likely to enter into non-exclusive relationships with select businesses. Among the control variables, we find similar negative effects of humanitarian and educational fields of activity on the likelihood that NPOs belong to Cluster 4. Age, location in Europe, and administrative expenses still reduce the chances that NPOs are funded by corporations (Cluster 2). As in Model 1, the indirect effect of administrative expenses is positive. However, administrative expenses positively affect the probability of a diversified economic capital structure, suggesting they may act as positive signals of NPOs' professionalization.

Discussion

Our research focuses on the central role of NPOs in collaborations with FPOs. By adopting an NPO perspective, this study helps advance literature on business models and social alliances, which thus far has remained largely instrumental and focused on FPOs.

Theoretical Contributions

Business model research. To address the theoretical gap regarding NPO business models, with a special focus on funding sources, this study adopts a new

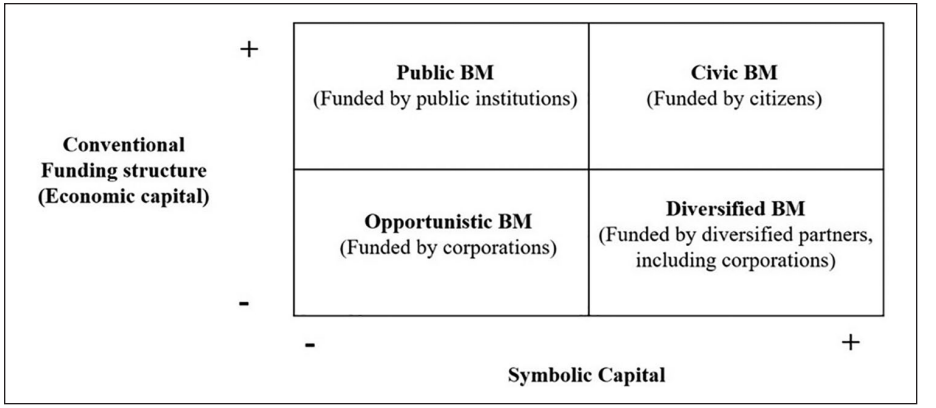

Figure 2. Four NPO business models.
Note. NPO = nonprofit organization.

perspective, based on Bourdieu's theory of capital. This theory offers an original, sophisticated approach to the analysis of specific issues related to NPO business models. By introducing a symbolic dimension, it moves beyond business benefits and recasts the idea of value creation (Le Ber & Branzei, 2010a), in that it emphasizes the social purpose of NPOs and regards economic capital as a means to achieve social missions. Previous studies analyze the different strategies that NPOs use to enter into collaborations (e.g., Ählström & Sjöström, 2005); this study goes a step further by providing a detailed analysis of the distinct business models (Figure 2) that NPOs use to convert their symbolic capital into economic capital. At the top of the frame, Figure 2 shows the public and civic business models based on a conventional funding structure. At the bottom of the quadrant, it shows the opportunistic and diversified business model, which uses an alternative funding structure (i.e., less conventional funding structure).

The results identify four distinct business models and demonstrate that an NPO's stock of capital determines both its business model and its partnership choices. First, in the public business model, NPOs accumulate a relatively low stock of symbolic capital and have limited choices for converting it into economic capital. Members of the business sector do not target them, because these NPOs cannot "sell" their symbolic capital to enhance the FPO's image or reputation as socially responsible organizations; the NPOs also struggle to attract individual donations. Thus, the only way to gain economic capital to achieve their social mission is to turn to public funding. For example, the NGO Geneva Call seeks to improve protections for civilians during armed conflicts. Its business model is marked by a low stock of symbolic capital (2,000 followers), and it mainly receives funding from public administrations and government grants. According to its 2015 financial report, 88% of its total budget of approximately 3 million euros came from public grants.

Second, also in line with a conventional model of conversion, the civic business model implies that NPOs have a large stock of symbolic capital but refuse funding from corporations for ethical reasons or to avoid reputational risk; they focus on donations from citizens. Well-known examples include advocacy groups such as Amnesty International or Greenpeace. With its total budget of 278 million euros (as of 2015), Amnesty International is widely recognized (more than 1.2 million followers) and mainly funded by individual donations (>80%). Greenpeace has an established policy of not accepting money from sources other than its members. Although it does not forge partnerships, Greenpeace allows for discussions with corporations, without ever entering into actual social alliances (Ählström & Sjöström, 2005).

Third, some NPOs forge collaborations with FPOs using alternative models of capital conversion. A high stock of symbolic capital gives the organization the power to choose its sources of funding and eventually diversify them, by partnering with some chosen FPOs (diversified business model). Representatives of this business model include Save the Children, Doctors without Borders, and WWF. For example, WWF is widely recognized (2 million followers), and it received 60% of its funding from individual donations, 20% from public administrations, and 20% from corporation funds. The medical and humanitarian NGO Doctors without Borders is largely supported by citizen donations, but it also has formed social alliances with corporations like IKEA (furniture retailer). It rejects collaborations with pharmaceutical firms such as Novartis though, due to the potential for conflicts of interest.

Fourth, in the opportunistic business model, the organizations have not accumulated enough symbolic capital, so they are mainly supported by corporations. They do not have the power to choose their partners; their dependence on FPO funding creates organizational fragility. In this business model, NPOs tend to compromise more with their values than other NPOs because they have little symbolic capital to lose and also, less bargaining power to obtain funding. The definition of opportunism used here is consistent with Williamson's definition (Williamson, 1975), the seeking of self-interest with guile. This definition, based on rationality and calculation, is commonly used in research on NGOs and social alliances (e.g., Rivera-Santos & Rufín, 2010) and leads to the recognition that NPOs may agree to compromise their principle and their values by partnering with less responsible companies. The NGO Acumen, founded in 2001 with a mission to address poverty, fits this model. In 2015, it had less than 60,000 followers and received about 90% of its funding from corporations and allied foundations.

Social alliance research. By departing from a corporate–centric approach, this study provides a more holistic, nuanced view of value creation in social alliances. Our critical view of social alliances acknowledges that such partnerships are not a risk-free strategy for NPOs (Le Ber & Branzei, 2010a). Within the alternative model of conversion, the risk of losing prestige is greater than in the conventional model of conversion, because businesses voluntarily claim CSR by communicating their actions to

stakeholders. As socially responsible organizations, NPOs could damage their image if they were to form alliances with irresponsible companies. Selecting the most appropriate partner thus represents a critical management decision that should reflect a strategy that NPOs define carefully to choose their social alliances (Burchell & Cook, 2013).

Our research also identifies some antecedents that explain why NPOs choose to be funded by FPOs (Burchell & Cook, 2013). Symbolic capital is a key antecedent of NPOs' business model selection; when NPOs have accumulated a significant stock of symbolic capital, they gain the ability to choose how to convert it into economic capital. Not all NPOs simply adopt a survival strategy when forging partnerships with FPOs; rather, some of them can choose their sources of funding strategically to achieve greater diversification. Our study clarifies the insufficiently studied implications of reputational risks for NPOs. Finally, we address the persistent challenge of operationalizing symbolic capital accurately, by proposing a theoretically based measure that is consistent with NPOs' practices.

Managerial Implications

The findings of this study should inform decision making by NPOs with regard to their business models. In a context of "growing . . . dialogue fatigue," as NPOs "find themselves inundated with requests to engage in processes" (Burchell & Cook, 2013, p. 517), these organizations must figure out which corporate partners to consider. In so doing, they face an ethical concern, because a partnership with corporations might "taint" their underlying ideals. It also suggests opportunities for NPOs that suffer from path dependency in conventional funding models, such that they might find supportive alternatives by entering into partnerships with selected FPOs. Furthermore, our study may be useful to FPOs that want to identify "best-in-class" NPOs with diversified business models that are aligned with their moral and ethical values.

Limitations and Further Research

This study is not free of limitations. We focus on one key dimension of the NPO business model, namely, sources of revenue. Yet the very concept of a business model implies considerations of value creation, value proposition, and value capture. Further studies are needed to assess the robustness of our NPO business model typology. Using social media literature and interviews with NGOs employees, we provide evidence that Facebook can be a satisfactory proxy for symbolic capital, while also recognizing that further research is needed on the operationalization of symbolic capital. It may be worthwhile to refine our conceptual model and conduct expanded studies in the nonprofit field to address a larger variety of NPOs, based on context. Our study could also be extended by exploring the evolution of the trajectories across clusters, through longitudinal research. Finally, further research could be conducted with a moral and ethical analysis of business models.[8]

Appendix A

Table A1. Descriptive Statistics.

Variables used in the principal component analysis (PCA) and classification procedure			
	Obs.	*M*	*SE*
INCOME	150	7.11293	0.0720395
GOVLOG	150	4.548552	0.2572467
GOVSHARE	150	0.2425593	0.022523
CITILOG	150	5.260296	0.2080968
CITISHARE	150	0.2755618	0.0225792
CORPLOG	150	5.733903	0.1731172
CORPSHARE	150	0.2828068	0.2408776
Variables used in the econometric estimations			
Dependent variable: EC	Obs.	%	
C1: Funding by citizens	36	24	
C2: Funding by corporations	34	23	
C3: Funding by public institutions	38	25	
C4: Funding by diversified donors	42	28	

(continued)

Table A1. (continued)

Variables used in the econometric estimations

Independent variables	Sample			H_EU			H_US		
	Obs.	*M*	*SE*	Obs.	*M*	*SE*	Obs.	*M*	*SE*
SC	150	1.633027	0.3077982	54	1.500473	0.642536	89	1.710585	0.3292775
Large_SC	150	0.2066667	0.0331719	54	0.111111	0.0445265	89	0.258427	0.0466664
AGE	150	36.66	2.218064	54	35.02	4.01791	89	37.45	2.650043
Other_funding	150	5.756998	0.1473507	54	5.681781	0.2425828	89	5.874417	0.1883196
ADM	150	5.735864	0.1112544	54	5.2387	1.92892	89	6.0057	0.82002
ADM × H-EU	150	1.863431	0.22832	54					
	Obs.	%							
ENV	74	49							
SOC	47	31							
HUM	22	15							
EDUC	32	21							
H_EU	54	36							
H_US	89	59							
H_Other	9	6							

Note. EC = economic capital.

Appendix B

Table B1. Operationalization of Bourdieu's Symbolic Capital.

Author(s), year	Title and journal	Focus of study	Operationalization of symbolic capital	Analysis level	Comments
Desrochers et al. (2018)	"Authorship, citations, acknowledgments and visibility in social media: symbolic capital in the multifaceted reward system of science." *Social Science Information*	To examine the cycle of production and recognition of scientific communication	Authorship, citations, and visibility in social media	Individual level (academic)	Conceptual study
Pret et al. (2016)	"Painting the full picture: the conversion of economic, cultural, social and symbolic capital." *International Small Business Journal*	To explore how and why craft entrepreneurs convert their economic, cultural, social, and symbolic capital	(a) Awards: certificates, and trophies (b) Exhibitions: gallery pieces, museum displays (c) Media coverage: magazine articles and online features (d) Reputation: esteem and reviews	Individual level (entrepreneur)	Case studies
Lehner (2014)	"The formation and interplay of social capital in crowdfunded social ventures." *Entrepreneurship and Regional Development*	To understand the sociological processes that take place when entrepreneurs seek funding from the crowd for social ventures	(a) Certifications (b) Legal status (c) Media representation	Organizational level (social ventures)	Case studies

(continued)

Table B1. (continued)

Author(s), year	Title and journal	Focus of study	Operationalization of symbolic capital	Analysis level	Comments
Vaara and Faÿ (2011)	"How can a Bourdieusian perspective aid analysis of MBA education?" *Academy of Management Learning and Education*	To provide a better understanding of the value of MBA degrees	(a) Credentials: rankings and accreditation (b) Prestige: degree and specific behavioral dispositions	Organizational level	Conceptual study
De Clercq and Voronov (2009)	"The role of cultural and symbolic capital in entrepreneurs' ability to meet expectations about conformity and innovation." *Journal of Small Business Management*	To examine the acquisition of resources by entrepreneurs entering a business	(a) Entrepreneurs' reputation	Individual level (entrepreneur)	Conceptual study
Fuller and Tian (2006)	"Social and symbolic capital and responsible entrepreneurship: An empirical investigation of SME narratives." *Journal of Business Ethics*	To investigate the links between social capital and symbolic capital in the context of small and medium enterprises (SMEs)	(a) Evidence of an explicit use of symbols or symbolic behavior to signal prestige and reputation (b) Evidence of an implicit utilization of reputational symbolism to create social capital	Organizational level (entrepreneur)	Qualitative study
Cronin and Shaw (2002)	"Banking (on) different forms of symbolic capital." *Journal of the American Society for Information Science and Technology*	To consider and compare three potential indices of academics' symbolic capital	(a) Citation counts (ISI) (b) Web hits (Web) (c) Media mentions (LexisNexis)	Individual level (academic)	Quantitative study

Appendix C

Table C1. Interviews With NGOs.

Interviews With NGOs.Organization	Sector	Year of creation	Respondents' function	Date	Time	Interview method
Terre des Hommes International	Child Rights	1960	Fundraising	July 12	67 min	Face to face
Grains of Peace	Education	2005	Fundraising and Project Manager	September 14	49 min	Face to Face
Save the Children	Child Rights, Education	1919	Fundraising	September 14	48 min	Face to Face
WWF International	Environment	1961	Fundraising and Corporate Engagement	September 17	56 min	Call
International Committee of the Red Cross (ICRC)	Humanitarian Protection and Assistance	1863	Digital Marketing	September 19	42 min	Face to Face
Pro Natura International	Environment	1992	Fundraising	September 23	44 min	Face to Face
Foodwatch	Consumer Rights	2002	Communication and Fundraising	November 18	90 min	Face to Face

Note. These NGOs all appeared in the sample. The data processing relied on content analysis, supported by verbatim extraction. The interviews relied on a semi-directive interview guide and focused on their NGO's use of social media for its communication strategy, for its fundraising strategy, and for its impact on the NGO's prestige and ability to raise funds. All respondents reported active uses of social media to communicate their actions, such as "Nowadays, social media have a much more important role than the website" (WWF). They also all indicated that communication campaigns through Facebook enable them to attract potential donors because Facebook reaches such a huge audience. Followers readily receive the information and can share and relay it to their network; NGOs also purchase Facebook profiles (via Facebook Lead) to spread the communication campaigns to previously selected users, for better fundraising efficiency. With these practices, according to Foodwatch, it has "gained 40,000 followers," and WWF ensures "specific monitoring and evaluation of communication campaigns via Facebook, in particular with regard to their 'followers on Facebook'" (e.g., evolution of the number of followers, tracking of messages and videos). NGO = nongovernmental organizations.

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Notes

1. According to its financial reports, between 2008 and 2014, individual donations to The Nature Conservancy decreased by 23% (according to the financial reports available on https://www.nature.org/en-us/about-us/who-we-are/accountability/annual-report/).
2. Our sample comprises only nongovernmental organizations (NGOs) with international scope, such that they perform their activities in more than one country (Martens, 2002).
3. We thank a reviewer for this suggestion.
4. A "field" is understood as a social space or network (Bourdieu, 1986, 1990).
5. NGO Advisor is an independent organization based in Geneva that evaluates nonprofit organizations (NPOs) on three dimensions: impact, innovation, and governance (https://www.ngoadvisor.net/methodology/).
6. We also ran a classification procedure with three and five clusters; according to the three common criteria however, the version with four clusters yielded the most accurate results.
7. By adopting a more instrumental approach, the notions of brand value and equity could be brought closer to those of symbolic capital.
8. We thank the reviewers for this research avenue.

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