

Considering the effectiveness of philanthropic collective action: a community ecology perspective

Philanthropic
collective
action

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Abstract

Purpose – The purpose of this paper is to explore the relationship between social capital and collective action at the county level in the US while incorporating the moderating effects of community racial diversity and urbanity and to find the changing effects of social capital on philanthropic collective action for community education.

Design/methodology/approach – This paper employs a quantitative research design. The dependent variable measures philanthropic collective action for community education while the independent variable for social capital is measured as a community level index. Moderating variables include a community racial diversity index and urbanity. This analysis tests and interprets interaction effects using moderated multiple regression (MMR), with the baselines of MMR being grounded to multivariate ordinary least squares (OLS) regression. Analyses are carried out in the context of the USA during 2006 and 2010, with US counties employed as the unit of analysis.

Findings – The effects of social capital on philanthropic contributions decline in counties with low- and mid-levels of racial diversity. On the contrary, the effects of social capital increase in highly racially diverse counties. The three-way interaction model result suggests that racial diversity positively moderates social capital on philanthropic collective action for community education where the effect of social capital is strong and positive in highly racially diverse urban communities.

Originality/value – This research complicates the notion that social capital and racial diversity are negatively associated when exploring collective action and community education, and suggests effects of social capital varies with moderating effects on philanthropic collective action for community education.

Keywords Social capital, Collective action, Community education, Community philanthropy, Racial diversity, Urbanity

Paper type Research paper

Introduction

Investigating the complex relationship between social capital, collective action and community education requires a multidimensional perspective that incorporates individual and community level units of analysis. When addressing the relationship between social capital and education, scholars have utilized traditional markers of “success” at the individual and school levels of education by exploring test scores, dropout rates and college acceptance rates (Portes, 1998). However, not many studies have analyzed social capital’s impact on the effectiveness of philanthropic collective action within the context of community education using a macro-level approach. According to the concept of ecological inference fallacy suggested by Robinson’s (1950) demographic analysis, education at the community level might be differently associated when using aggregate socioeconomic and demographic characteristics. Robinson (1950) found that individual-level correlations do not always correspond to aggregate-level correlations. Based on his test regarding illiteracy, he found that “an ecological correlation is almost certainly not equal to its corresponding individual correlations” (p. 341). Education does not only foster individual skills, knowledge and networks, but it also promotes social cohesion and civic engagement among community constituents (Bekkers and Wiepking, 2010; Helliwell and Putnam, 1999). Our study aims to analyze the effects of social capital on philanthropic collective action within the context of community education and how this relationship is moderated by community contingent factors of urbanity and racial diversity from the ecological perspective.



Despite the continuous discourses concerning the effects of social capital on economic development (Hoyman *et al.*, 2016) and the nonprofit sector (Glanville *et al.*, 2016; Paarlberg and Yoshioka, 2016), little is known about the effects of social capital on philanthropic collective action. We seek to test this relationship within the context of community education. Community education is uniquely nested between public and nonprofit sectors; developments in community education are suitably supported and sustained largely through voluntary associations and the financial resources provided by community constituents, including both individuals and locally based organizations (NCCS, 2018). Community education models of collective engagement are founded upon the belief that education plays a positive role in improving social conditions, which contributes to building healthy communities as it fosters life-long educational development and promotes social inclusion (Teff *et al.*, 2003). Community education is a viable avenue that researchers may need to garner a more nuanced understanding of social contexts and how social capital facilitates effective philanthropic collective action. Rather than analyzing the sources of social capital, we focus on the outcomes of social capital, which contribute to social well-being by facilitating cohesive environments and developments in community education (Tolbert *et al.*, 1998).

Social capital is referred to as the shared beliefs, norms, trusts and networks that facilitate collective action at the community level and are positively correlated with local economic growth (Rupasingha *et al.*, 2002). The ecological perspective conceptualizes the community as a social institutional field where constituents and organizations interact for collective action, which varies across geographical regions (Freeman and Audia, 2006; Ruef, 2000; Rupasingha *et al.*, 2002). In local communities, nonprofit organizations that promote human capital among youth and adults are classified as community educational organizations. Unlike elite nonprofit organizations (i.e. art and museum nonprofit organizations), community educational organizations such as community libraries and vocational schools facilitate social interactions for community constituents, enhance levels of human capital and provide job opportunities (Beaton and Hwang, 2018).

Drawing upon concepts of community ecology and collective action, this study examines effects of social capital on philanthropic collective action for community education. The dash lines in Figure 1 graphically summarize the community level relationship that will be investigated in the following sections. Furthermore, we explore how contingent factors of community urbanity and racial diversity moderate the effects of social capital on

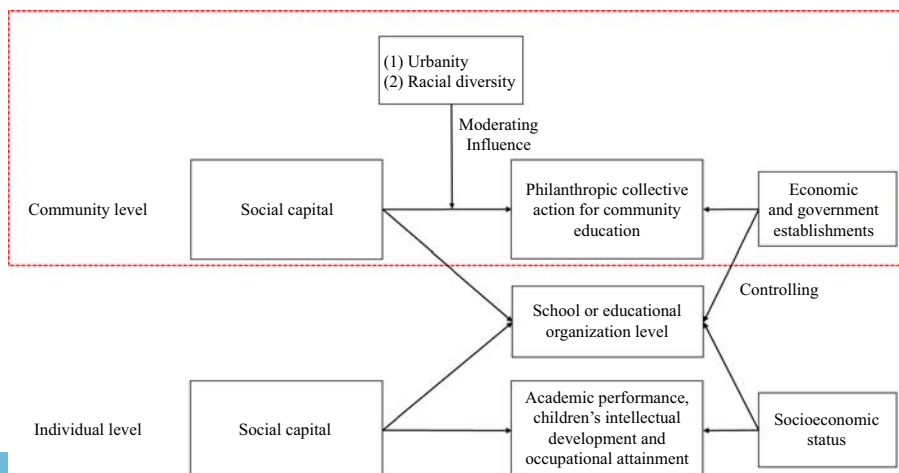


Figure 1.
Relationships between social capital and philanthropic collective action for community education

philanthropic collective action for community education. It has been argued that collective action is less effective in communities with high levels of racial diversity and low levels of social capital because these communities are fragmented along different social views and issues (Putnam, 1993, 2007). Since social capital is fragmented in racially diverse communities (Putnam, 2007), racial diversity among community constituents tends to hinder effective collective action when addressing locally situated issues (Longhofer *et al.*, 2018). Contrary to this argument, our findings suggest that communities with high levels of racial diversity tend to foster social capital on effective philanthropic collective action when addressing social issues confronted by community education. On the other hand, rural communities with low levels of racial diversity are less likely to facilitate collective action for community education due to high levels of homogeneity (Clerkin *et al.*, 2013).

By extending a conceptualization of collective action to philanthropic collective endeavors embedded in community education, our research findings may shed light on the social policy implications for nonprofit practitioners and local policy makers interested in fostering sustainable community philanthropy (Grønbjerg and Paarlberg, 2001; Paarlberg and Yoshioka, 2016). This study begins with the literature on social capital and collective action at the community level and provides empirical results on the hypotheses tested. Finally, we further contextualize our findings by suggesting social policy implications for future policy-making and practices related to collective action and community education via social capital.

Literature review

Social capital at the community level

Conceptualizations of social capital differ; definitions and theories may focus on the functions, forms, or sources of social capital at different levels of analysis. Scholars have explored multiple conceptions of social capital as functions combined with some aspect of social structure (Coleman, 1988), feature of social life (Putnam, 1993), social networks (Lin, 1999) and levels of trust (Portes and Vickstrom, 2011; Lim and MacGregor, 2012). The theoretical developments of social capital as a concept engage distinct perspectives along levels of analysis. At the individual unit of analysis, social capital is defined as the personal connections and networks among friends, colleagues, and other general contacts that facilitate financial and human capital for individuals (Burt, 1997). Ostrom and Ahn (2003) focus on the effectiveness of network connections among group members. Although social capital at the group level is conceptualized as a collectivity of individuals and organizational networks, solidarity and knowledge, the role of social capital in solving social problems through collective action and its respective policy implications are not often emphasized nor empirically tested within specified contexts of local social structures.

Among the multiple forms of social capital, social capital at the community level is an important element in the facilitation of collective action that offer substantial social problem solving implications to both theory and social policy (Portes, 1998; Woolcock, 2001). Despite the fact that social capital, as individual network ability, is not directly observable, social capital at the community level is observable as collectives that influence economic development, voluntary cooperation and democratic governance (Morgeson and Hofmann, 1999; Ostrom and Ahn, 2003; Putnam, 1993). Putnam (2000) suggests that social capital is presented through civic engagement, altruism, crime and other types of community issues, and that social capital determines effective collective action by producing voluntary cooperation (Bekkers and Wiepking, 2010). Social capital at the individual level is usually embedded within personal relations, generating pertinent opportunities to interact with others referred to as social networks. On the other hand, social capital at the community level is collectively embedded in community engagement and contingent upon levels of social trust and reciprocity. As levels of social interaction increase among community

members, both the production of civic engagement and the resolutions of community conflicts are sustained (Putnam, 1993, 2000).

Before discussing hypotheses, it is important that we narrow our definition of the community as it is used in this study to empirically explore the specific relationship between social capital and philanthropic collective action for community education. Some modern conceptualizations of community focus on characteristics outside physical proximity and include the composition of diversified social engagements facilitated by technological advancements such as online platforms and the presence of convergent goals based on homogenous characteristics. However, we focus on a classic definition of community that refers generally to geographically bounded communities (Almandoz *et al.*, 2016).

A geographic community is a place-based expression of social institutional fields where social actors are embedded in economic, social and political structures whose locality constructs a collective (Marquis *et al.*, 2013; Wolpert, 1988; Paarlberg and Yoshioka, 2016). Although community constituents do not have uniform common purposes or goals, they may have emotional connections that motivate them to mobilize available resources for collective action when addressing locally situated social issues (McCarthy and Zald, 1977). Among the multiple forms of social capital, this study narrowly focuses on the effect of community social capital, or those “features of social organizations, such as trust, [social] norms, and networks that can improve efficiency by facilitating coordinated [or collective] actions” that are rooted in geographic communities (Putnam, 1993, p. 167; Hoyman *et al.*, 2016, p. 2).

Social capital and philanthropic collective action for community education

Social capital at the community level may facilitate rational collective action; however, types of collective action may vary with community characteristics such as market and governmental establishments and socioeconomic status (Coleman, 1988; Woolcock, 2001). Collective action is composed of coordinated group behavior used to achieve the common goals of individuals (King, 2008). Facilitating collective action at the community level is aligned with the development of local philanthropic sectors that collectively mobilize community resources to resolve common issues. The community, as a space-based social institutional field, solidifies community identities based on shared norms, common knowledge and informal means of solving social issues (Marquis *et al.*, 2013). Social capital, as a driving force solidifying community identity, has been studied as an outcome of social factors; however, few studies have focused on social capital as a determinant of collective action. Collective action in this study is defined as the mobilization of community resources that use education as a means to alleviate social issues. Thus, philanthropic collective action is an outcome of collective resource mobilization that might be caused by high levels of social capital when community members are motivated by shared norms and a common awareness of community issues (McCarthy and Zald, 1977).

Community, as a collective construct, provides routinized and continuous environments in everyday life through face-to-face interactions that collectively offer support for common social issues. Collective action within communities transcends individual actions based on the emotional solidarity fostered by shared values, beliefs, and norms (Durkheim, 1912; Collins, 1975; Morgeson and Hofmann, 1999). Through “sensemaking,” community structures, such as community activities, fundraising events, and cleanup days, afford members opportunities to engage and integrate collective actions that address identified social issues (Sampson *et al.*, 2005). Social capital promotes economic and cultural infrastructures conducive to participatory democracies, whereby civic engagement and rational collective action are dependent upon voluntary cooperation (Coleman, 1988; Lee and Brudney, 2009; Rupasingha *et al.*, 2006). In the context of community-based collective action, social capital is posited as a social good that plays a positive role in enhancing levels of community education.

Community education is different from public education. Public education is shaped by the state government, community demography, municipal financial health, and local

property tax rates. Like other social issues such as public education, environmental justice, and poverty, community education impacts community constituents of almost all ages and socioeconomic status groups. However, community education is driven by local educational nonprofit organizations including community libraries and youth and adult developmental centers that promote advancements in community professional development. On the one hand, community education programs engage diverse populations to address a multitude of social problems. Some general examples of community and adult education programs include recreational programs and community-based health programs, as well as other programs that facilitate social development at both the individual and group levels. Thus, community education programs encourage knowledge production and social action meant to directly benefit local community members.

Regardless of age, socioeconomic status or other demographic characteristics (King, 2004), social issues concerning community education are a vital component in building social and cultural infrastructures for community constituents that translates to human capital. Due to the imperfect social and educational services from the public sector, the demand for financial contributions to human service and educational nonprofit organizations has continuously increased to fill the gap in environments lacking adequate public support from municipal, state, and/or federal governments. Social capital plays an important role in facilitating community support by filling the needs for indispensable services (Salamon, 1987). Philanthropic collective action for community education can also be considered as a response to perceptions of community trust in educational services provided by the public sector.

Philanthropic collective action is an aggregated activity that occurs at the community level in the form of volunteering, charitable giving for public purposes, or raising awareness to support community issues or needs (Barman, 2017; Longhofer *et al.*, 2018; Paarlberg and Yoshioka, 2016). "Philanthropic endeavors" are cultivated by charitable contributions to the nonprofit sector. This serves an important role in satisfying community demands, thus serving both a symbolic and practical foundation for collective action (Lee and Shon, 2018) referred to as philanthropic collective action in this study. Glanville *et al.* (2016) found effects of social capital on generosity, and their results indicate that social capital is positively associated with three determinants of generosity at the national level. Since social capital is associated with participatory civic engagement and the exchange of public goods, philanthropic endeavors through charitable giving is seen as a form of regional and place-based collective action (Glanville *et al.*, 2016).

If social capital is positively associated with levels of trust and cooperation that further enhances effective collective action (Rupasingha *et al.*, 2006), social capital also appeals to the emotional connections among community members and attachments that positively influence philanthropic collective action (Clerkin *et al.*, 2013). Resource mobilization theory (McCarthy and Zald, 1977) posits that collective action is driven by an ability to actively mobilize resources in order to resolve common issues, accounting for resource transfer. Therefore, levels of social capital at the community level may influence philanthropic collective action, an outcome of resource mobilization for community education. Based on the review of prior literature, we posit that philanthropic collective action for community education is facilitated by high degrees of social capital:

H1. Social capital is positively associated with philanthropic collective action for community education.

Social capital in urban and rural communities

Although social capital has positive effects on philanthropic collective action for community education, this relationship might be moderated by a contingent factor of urbanity.

Social capital varies across geographical regions. The enhancement of social capital requires investments in civic virtues arising from economic and cultural infrastructures in order to secure common visions and goals (King, 2004; Lee, 2018). Regions with high levels of social capital are more likely to have low inequality, poverty and unemployment rates because social capital is posited to have positive effects on economic development (Hoyman *et al.*, 2016; Paarlberg and Yoshioka, 2016). Putnam *et al.* (1994) found that economically developed cities in Northern Italy were succeeded by civic and business networking associations or organizations compared to cities in Southern Italy. However, counter-arguing literatures have found that local capitalism in small communities is more likely to be associated with an increase in degrees of civic engagement because small communities share greater attachments amongst local individual actors, which is attributed to high levels of emotional solidarity. Thus, the extant literature argues that local capitalism facilitates resource mobilization for community needs (Almandoz *et al.*, 2016; Tolbert *et al.*, 1998, 2002; McCarthy and Zald, 1977).

In consideration of existing literatures, highly developed economic and cultural infrastructures might correspondingly act as a positive moderating contingent factor. Because social capital consists of collective networks, trusts and knowledge among community members, it can be posited that social capital enhances philanthropic collective action for community education and that this relationship may be further mitigated when considering developments in economic performance (Hoyman *et al.*, 2016). In this analysis, we hypothesize that a relationship between social capital and philanthropic collective action for community education is more likely moderated by the urbanity of the community:

- H2. A relationship between social capital and philanthropic collective action for community education is positively moderated by the urbanity of the community.

Social capital and community racial diversity

A second moderating contingent factor explored in this analysis is community racial diversity. Diversity is a group characteristic, not an individual characteristic (DiTomaso *et al.*, 2007). From a macro-level approach (i.e. community, societal or national levels), diversity is considered a resource that promotes social solidarity and collective action by connecting different types of groups, organizations or sectors through the social phenomena referred to as cultural pluralism (Berry, 2011), balancing society (Mintzberg, 2015) or bridging social capital (Putnam, 2000). Among many types of diversity, racial diversity is the focal point of this study and will be used to examine its moderating effects on the relationship between social capital and philanthropic collective action for community education. Although racial diversity at the organizational level can be intentionally composed, community racial diversity composition is predicated by a history of social, economic, and cultural changes.

A consistent debate ensues in the academic community regarding whether or not community racial diversity helps improve social capital. According to classic sociological theory, organic community solidarity flourishes with racial and ethnic heterogeneity due to the division of labor (Durkheim, 1912; Portes and Vickstrom, 2011). Putnam's (2007) counter perspective suggests that racial diversity erodes social capital based on his hunker down thesis. It is argued that racially diverse community structures erode community social ties that connect community members, ultimately diminishing levels of community capacity building (Sharkey *et al.*, 2017). Putnam (2000) supports this thesis by pointing to the decline in the number of times individuals participated in community projects and charitable giving from 1975 to 2000. This decline of civic engagement was theorized to be in part due to the culmination of more diverse communities. Thus, he argues that community social capital is expected to decline in racially diverse communities. Before Putnam's constrict theory emerged, conflict theory had suggested that racial diversity has negative effects on social capital because individuals tend to connect with like-minded or similar individuals (McPherson *et al.*, 2001).

This orientation argues that collective actions rise in conscious communities where individuals share similar values and common identities, a term referred to as “homophily.”

When further exploring the relationship between social capital and education, findings suggest increased support for high school movements in the early twentieth century (1920–1940) when communities had more homogeneity with regards to ethnicity, race, religious affiliation, and socioeconomic status (Goldin and Katz, 2000). This time period predates the Civil Rights Era and the subsequent political efforts intended to integrate public school systems. Thus old and new race politics have always permeated educational discourse in a country where an ethno-racial hierarchy has permeated all manners of everyday life, including state political and cultural norms (Hero, 2000; Hawes and Rocha, 2011).

Furthermore, Hero (2007) states that empirical findings on the effects of social capital are limitedly applicable to minority populations, asserting that the benefits of social capital are not evenly distributed across society and that this relationship is most salient when analyzing racial and ethnic diversity and equity. Hawes and Rocha (2011) empirically test the relationship between social capital and racial diversity on outcomes of racial policy equity. By using state level panel data, the authors are able to distinguish the relationship between social capital and racial diversity and their relative impact on state-based outcomes for education, health and criminal justice. Their findings suggest that social capital and racial diversity are highly correlated, however, they have distinct temporal patterns. Overall, social capital was found to be negatively associated with policy equity for minority groups, while only mixed evidence supported a positive association between racial diversity and more equitable outcomes for minority groups.

Addressing gaps in the existing literature, this study explores how community racial diversity moderates the relationship between social capital and philanthropic collective action for community education. A negative relationship between social capital and racial diversity has not been affirmed given the insignificant effects of diversity on social capital (Gerritsen and Lubbers, 2010; Gundelach, 2014; Tsai *et al.*, 2011). Effects of community racial diversity on social capital vary across units of analysis and over time, which leaves us with the difficult task of measuring the effects of social capital on philanthropic collective action for community education. We hypothesize that racially diverse environments at the community level may play a synergetic moderating role, facilitating effects of social capital on philanthropic action for community education because community educational organizations serve various and racially diverse community constituents:

H3. A relationship between social capital and philanthropic collective action for community education is positively moderated by community racial diversity.

Methodology

This study examines the relationship between social capital and philanthropic collective action for community education while considering the moderating effects of urbanity and racial diversity. We test and interpret interaction effects using moderated multiple regression (MMR), where the baselines of MMR are grounded to multivariate ordinary least squares (OLS) regression. This approach allows for the incorporation of multiple explanatory factors into the model as the Best Linear Unbiased Estimator (Kennedy, 2003). MMR is an effective method to analyze the magnitude of the effects of antecedents on the dependent variable that are dependent upon contingent factors (Aguinis *et al.*, 2017). Since cross-sectional analysis in a specific given year might not provide valid enough results, multiple empirical analyses are carried out in the context of USA counties during two points in time, 2006 and 2010 (Paarlberg and Yoshioka, 2016). Furthermore, these two testing points allow us to contextualize this study's implications by comparing differences of community ecology before and after the Great Recession of 2008. US counties are employed

as the unit of analysis. Since other types of community socioeconomic and demographic characteristics are included, county governments serve roles as local public and economic policy actors for local education since the local economy imposes property taxes. Utilizing a county level analysis allows us to make comparisons across regions to examine the relationship between social capital and community education (Hoyman *et al.*, 2016; Longhofer *et al.*, 2018). Using the one-, two- and three-year lagged terms of independent and control variables correct concerns of endogeneity and issues of reverse causality.

Data

The data set is obtained from three sources: the National Center for Charitable Statistics (NCCS) Core File, US Census, and Northeast Regional Center for Rural Development data at Penn State University. The NCCS Core file is extracted from Internal Revenue Service (IRS) form 990 on all 501(c)3 nonprofit organizations. The Core File includes all 501(c)3 status nonprofit organizations that report more than \$50,000 in annual revenue. Based on county identifier (FIPS code), socioeconomic and demographic characteristics at the county level were obtained from the American Community Survey while the USA Counties database extracted data from the US Census Bureau. The main independent variable, social capital, is obtained from Northeast Regional Center for Rural Development data at Penn State University (Rupasingha and Goetz, 2008). Originally, there were 3,143 counties based on the Census Bureau. By merging multiple datasets, the number of observations comes to 3,106 in the 2006 analysis and 3,103 in the 2010 analysis. Table I summarizes the construction and sources of each variable. Variable operationalization is explicitly described in the subsequent section.

Variables

Dependent variable. To measure philanthropic collective action for community education, all monetary contributions to educational nonprofit organizations is aggregated at the county level by following the community ecology perspective. An indicator of our dependent variable summing all funds to local nonprofits is widely used to measure community philanthropy within a geographic community (Beaton and Hwang, 2017; Longhofer *et al.*, 2018). Educational nonprofit organizations are classified according to the National Taxonomy of Exempt Entities Core Codes (NTEE-CC) classification system via the IRS tax exemption code. Educational nonprofit organizations registered as B, using NTEE-CC

Variable operationalization	Type	Source	Variable transformation
Ln. contributions to education nonprofits	Dependent	NCCS	Adjusted for inflation in 2012 Per capita (divided by population) Transformed to the natural log
Social capital	Independent	Penn State	Index (Principal component factor loading)
Racial diversity	Moderation	Census	Gini Simpson index
Urbanity	Moderation	Census	Binary variable
Unemployment rate	Control	Census	Percent
Median household income	Control	Census	Adjusted for inflation
Ln. private nonfarm payroll	Control	Census	Adjusted for inflation in 2012 Per capita (divided by population) Transformed to the natural log
Ln. local government revenue	Control	Census	Adjusted for inflation in 2012 Per capita (divided by population) Transformed to the natural log

Table I. Summary of variables, sources and transformation

classification, receive their monetary contributions via individual and organizational donations, endowments and allocations to nonprofit organizations.

Among various educational nonprofits, monetary contributions to universities (B43) and undergraduate colleges (B42) are not included because monetary contributions to university and colleges come from different locations where alumnus contemporarily reside, and cannot be considered as philanthropic collective action for community education[1]. Differences between populations across counties are considered by aggregating contributions, which are divided by the population as per capita. The mean per capita contribution is \$61. The highest per capita contribution is \$5,511 in Nicollet County of Minnesota; alternatively approximately 25 percent of counties have zero per capita contributions because those counties do not have educational nonprofit organizations. Due to the high skewness, the variable is transformed to its natural log.

Independent variable. An independent variable, social capital is measured as a community level index using principal component analysis for the number of local organizations per 10,000 populations (religious, civic and social, business, political, professional, labor, bowling centers, physical fitness facilities, public golf courses and sport clubs) as the first factor, voter turnout as the second factor, census response rates as the third factor and the number of nonprofit organizations as the fourth factor. The first principle component used is the social capital index (Rupasingha *et al.*, 2006; Rupasingha and Goetz, 2008; Paarlberg and Yoshioka, 2016). The year used to capture the social capital index is 2009. The range of the index is -3.94 to 17.55 while the mean of the social capital index is 0.0007 . The index replicates the social capital index construction established by Putnam (2000).

Moderating variables: urbanity. To quantify the urbanity of communities, a dichotomous variable is employed. Following the Census Bureau's criterion of urban county, counties are coded as 1 if the total population is over 50,000; otherwise, counties are coded as 0.

Moderating variables: community racial diversity index. To identify racial diversity at the county level, the diversity index is created for the year of 2008. The Census Bureau provides the following racial or ethnic categories: Hispanic or Latino, non-Hispanic White, non-Hispanic Black or African American, non-Hispanic Asian, non-Hispanic American Indians and Alaskan Native, non-Hispanic other races. To measure racial diversity, we employed the Gini Simpson index (Paarlberg *et al.*, 2018). The computational formula is as follows:

$$\text{Gini Simpson Index} = 1 - \sum_{n=1}^m (n/N)_i^2,$$

where n is the proportion of each race or ethnicity's population in N , the total population, in each county. In the study, i signify the six race or ethnicity categories. The value of the index ranges between 0 and 1; 0 represents no diversity and 1 represents infinite diversity.

Control variables. The models include four control variables: unemployment rate, median household income, private nonfarm payroll and local government revenue. First, the unemployment rate captures economic and industrial opportunities for individuals. Due to the economic recession of 2008, the mean unemployment rate increased in 2010. Second, median household income is employed to control for community wealth. Median household income is a widely used determinant for the size of the nonprofit sector (Lecy and Van Slyke, 2012), and is correlated with the mobilization of community resources for collective action. Third, annual private nonfarm payroll is employed to control for the size of the local market; the variable is divided by the total population as per capita (Paarlberg and Hwang, 2017). Fourth, the local government revenue variable is employed to measure the size of local government institutions because the existing literature emphasizes that strong local public institutions positively influence social integration within the community (Paarlberg *et al.*, 2018). Due to the high skewness, private nonfarm payroll and local government revenue variables are transformed to natural log.

Results

Table II provides a summary of descriptive statistics in both years of 2006 and 2010. To find effects of social capital on philanthropic collective action for community education, we test direct effects for *H1* (Models 1, 2, 6, and 7) and the moderating effects of racial diversity and urbanity for *H2* and *H3* (Models 3, 4, 5, 8, 9 and 10). Basically, OLS regression is used to estimate coefficients with robust standard errors at the county level, while MMR tests the interaction effects between social capital and the two contingent factors of urbanity and community racial diversity. When testing for multicollinearity, the mean variance inflation factor (VIF) for the base linear models is 1.41 in 2006 and 1.33 in 2010, which limits multicollinearity across variables.

Tables III and IV summarize results of estimated coefficients and robust standard errors in 2006 and 2010, respectively. Beginning with control variables in both years, the private nonfarm payroll per capita variable has consistently positive effects on contributions to community education. In terms of direct effects of social capital on philanthropic collective action for community education (Models 2 and 7), all else being equal, social capital is a negative predictor of our dependent variable ($-0.173, p < 0.001$ in 2006 and $-0.150, p < 0.001$ in 2010). Our findings regarding a direct relationship between social capital and philanthropic collective action for community education rejects *H1* because social capital is more likely to decrease levels of aggregated contributions to community educational organizations in the general case.

However, Model 3, 4, 5, 8, 9 and 10 report on moderating variables, suggesting that effects of social capital differ across urban and rural counties and levels of racial diversity, which does not always reject our first hypothesis. Although Model 3 shows that urbanity positively, but insignificantly moderates the effects of social capital on the dependent variable in 2006 ($0.0861, p > 0.1$), in Model 8, urbanity positively and significantly moderates social capital on the dependent variable in 2010 ($0.275, p < 0.001$). To visualize our findings in moderating effects of urbanity, results are graphed. Figure 1 displays the moderating effects of urbanity on a relationship between social capital and the dependent variable in Model 8 of 2010. Figure 2 suggests aggregated contributions to community educational nonprofits decline when social capital increases in rural counties. On the other hand, predicted values of our dependent variable increases when social capital gets higher in urban counties. Although Model 3 indicates insignificant positive coefficients, Model 8 shows positive and significant interaction effects on the dependent variable. *H2* is supported by Model 8, while the first hypothesis can be considered partially supported,

Variables	Mean		SD		Min.		Max.	
	2006	2010	2006	2010	2006	2010	2006	2010
<i>Dependent variables</i>								
Ln contributions to education nonprofits	2.334	2.033	1.985	2.000	0.000	0.000	9.426	8.697
<i>Independent variables</i>								
Social capital index (2005/2009)	0.003	0.003	1.389	1.340	-3.904	-3.941	14.379	17.553
<i>Moderating variables</i>								
Racial diversity index (2004/2008)	0.260	0.276	0.181	0.181	0.010	0.012	0.729	0.735
4 Urbanity (2004/2008)	3.000	0.300	0.458	0.458	0.000	0.000	1.000	1.000
<i>Control variables</i>								
Unemployment rate (2004/2008)	5.630	5.778	1.769	2.052	1.600	1.300	17.100	22.300
Median household income (2004/2008)	50,585	51,503	12,708	51,503	23,657	22,443	125,895	130,551
Ln. Private nonfarm payroll (2004/2008)	2.279	2.296	0.561	2.296	0.000	0.000	4.898	5.043
Ln. Local government revenue (2002/2007)	1.591	1.686	0.288	1.686	0.000	0.303	3.249	4.151

Table II.
Model variable
descriptive statistics

Variables	Model 1	Model 2 (H1)	Model 3 (H2)	Model 4 (H3)	Model 5
<i>Control variables</i>					
Unemployment rate (2004)	-0.0138 (0.0189)	-0.0418** (0.0204)	-0.0568** (0.0198)	-0.0437** (0.0202)	-0.0603** (0.0198)
Median household income (2004)	2.37e-06 (2.73e-06)	2.87e-06 (2.72e-06)	-1.14e-05*** (2.78e-06)	4.96e-06** (2.72e-06)	-9.64e-06*** (2.78e-06)
Private nonfarm payroll per capita (ln/2004)	1.685*** (0.0609)	1.694*** (0.0614)	1.360*** (0.0660)	1.596*** (0.0621)	1.279*** (0.0671)
Local government revenues (ln/2002)	-0.0119 (0.117)	0.317*** (0.124)	0.352*** (0.120)	0.168 (0.127)	0.235* (0.123)
<i>Independent variables</i>					
Social capital (2005)		-0.173*** (0.0265)	-0.0884** (0.0285)	-0.170*** (0.0401)	-0.125** (0.0438)
Racial diversity (2004)			1.196*** (0.0820)	1.601*** (0.228)	0.996*** (0.119)
<i>Interaction terms</i>					
Social capital × Urbanity			0.0861 (0.0573)		0.223** (0.108)
Social capital × Racial diversity				0.444** (0.151)	0.490** (0.190)
Racial diversity × Urbanity					0.506 (0.416)
Social capital × Racial diversity × Urbanity					-0.318 (0.320)
Constant	-1.533*** (0.260)	-1.940*** (0.263)	-0.773** (0.271)	-1.940*** (0.259)	-0.707** (0.276)
Observations	3,142	3,106	3,106	3,106	3,106
R ²	0.239	0.255	0.301	0.270	0.312

Notes: Robust standard errors in parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$

Table III.
Results of OLS
regression in 2006

Table IV.
Results of OLS
regression in 2010

Variables	DV: contributions to education nonprofits (ln/2010)				
	Model 6	Model 7 (H1)	Model 8 (H2)	Model 9 (H3)	Model 10
<i>Control variables</i>					
Unemployment rate (2008)	0.0465** (0.0166)	0.0240 (0.0178)	0.00112 (0.0172)	0.0202 (0.0175)	-0.00622 (0.0171)
Median household income (2008)	1.49e-05*** (2.72e-06)	1.34e-05*** (2.75e-06)	-6.50e-07 (2.82e-06)	1.48e-05*** (2.71e-06)	-9.58e-09 (2.79e-06)
Private nonfarm payroll per capita (ln/2008)	1.367*** (0.0717)	1.375*** (0.0719)	1.030*** (0.0747)	1.315*** (0.0709)	0.976*** (0.0744)
Local government revenues (ln/2007)	0.103 (0.114)	0.341** (0.123)	0.388*** (0.117)	0.184 (0.125)	0.261** (0.120)
<i>Independent variables</i>					
Social capital (2009)		-0.150*** (0.0294)	-0.0722** (0.0298)	-0.180*** (0.0387)	-0.146*** (0.0413)
Urbanity			1.403*** (0.0902)		1.143*** (0.133)
Racial diversity (2008)				1.531*** (0.199)	0.992*** (0.238)
<i>Interaction terms</i>					
Social capital × urbanity			0.275*** (0.0726)		0.500*** (0.139)
Social capital × Racial diversity				0.494*** (0.124)	0.575*** (0.162)
Racial diversity × urbanity					0.723* (0.404)
Social capital × Racial diversity × urbanity					-0.581* (0.337)
Constant	-2.321*** (0.263)	-2.529*** (0.262)	-1.333*** (0.267)	-2.551*** (0.256)	-1.210*** (0.273)
Observations	3,135	3,103	3,103	3,103	3,103
R ²	0.203	0.218	0.274	0.234	0.287

Notes: Robust standard errors in parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$

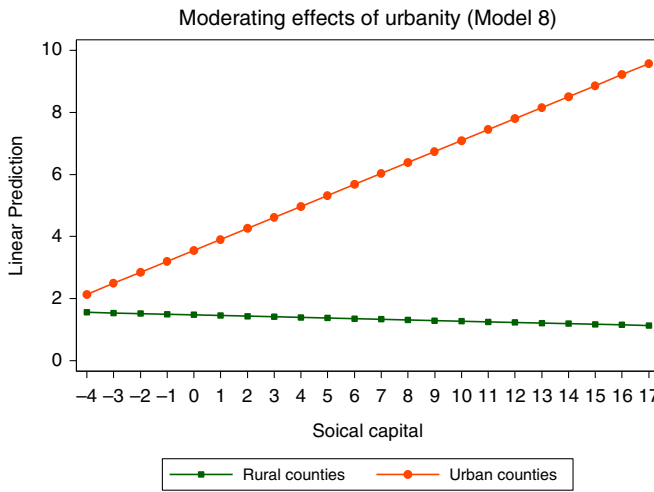


Figure 2.
Interaction between
urbanity and social
capital on DV in 2010

suggesting that social capital is positively associated with philanthropic collective action for community education in urban counties.

To test *H3* examining whether community racial diversity is an essential moderator, we run model 4 in 2006 ($0.444, p < 0.01$), and model 9 in 2010 ($0.494, p < 0.001$). Although social capital has negative effects on the dependent variable by itself, the interaction effect is positive and significant, supporting *H3*. In addition, it should be noted that community racial diversity as the main effect is significantly and positively associated with the dependent variable ($1.531, p < 0.001$). Figures 3 and 4 show the plot of significant interactions between social capital and community racial diversity when our dependent variable is predicted. Since community racial diversity is a continuous variable, both Figures 3 and 4 are plotted at the mean and one standard deviation above (high racial diversity) and below (low racial diversity) the mean (Barrick *et al.*, 2007). As both Figures 3 and 4 demonstrate, social capital is positively associated with philanthropic collective action

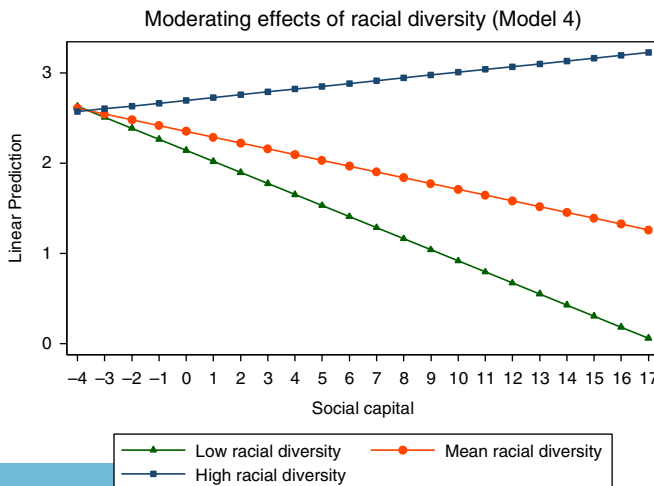


Figure 3.
Interaction between
racial diversity
and social capital
on DV in 2006

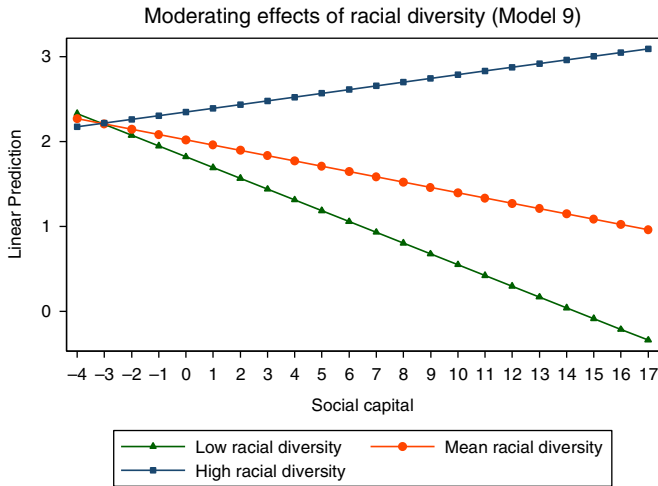


Figure 4. Interaction between urbanity and social capital on DV in 2010

for community education in counties that are racially diverse. Otherwise, social capital is negatively associated with our dependent variable. Social capital can serve a positive role in improving levels of collective action for community education in communities with high levels of racial diversity, which partially supports *H1*.

For a robustness check of three hypotheses, we run a three-way interaction in both 2006 and 2010. The interaction is negative and marginally significant in model 10 of 2010 ($-0.581, p < 0.1$), suggesting that the interaction between racial diversity and social capital changes across rural and urban communities. Figure 5 visualizes the three-way interactional relationship. Although the direct effect of social capital in all counties is negatively related to philanthropic collective action for community education, effects differ with levels of community racial diversity and urbanity. According to Figure 5, in urban counties, regardless of levels of racial diversity in communities, social capital is positively associated with the dependent variable. In rural counties, social capital is positively associated with the dependent variable only for counties that have high levels of racial diversity.

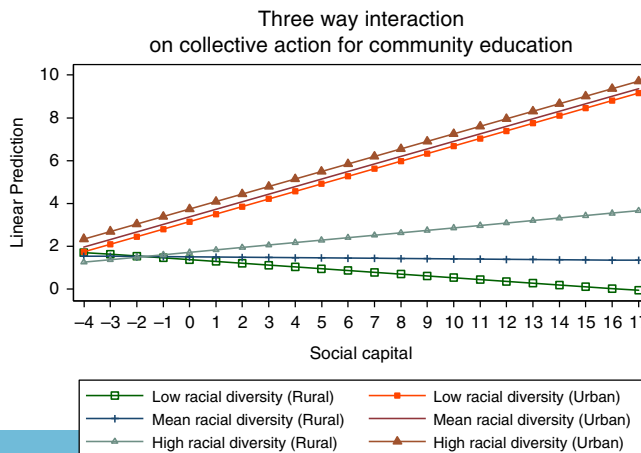


Figure 5. Three-way interactions among social capital, racial diversity and urbanity on DV in 2010

Our findings regarding the relationship between social capital and philanthropic collective action for community education show that social capital plays a positive and synergetic role in collectively improving levels of community education by mobilizing financial resources when communities are racially diverse and located in urban areas. Although we tested empirical analyses in the two given years of 2006 and 2010 to compare differences before and after the Great Recession of 2008, the results are consistent. To collectively mobilize local financial resources for community education, social capital in racially diverse communities is more effective, and economic and cultural infrastructures in urban counties might encourage positive associations on the relationship between social capital and collective action. Overall, results suggest that the effects of social capital depend on the ecological conditions of community urbanity and community racial diversity when controlling for market and government establishments. This reveals that community racial diversity aids in the development of organic communities, in which social capital facilitates philanthropic collective action for community education.

Discussion and implications

By examining the effectiveness of philanthropic collective action for community education and its relationship to social capital, this study suggests that effects of social capital on philanthropic collective action vary based on community urbanity and racial diversity. This study's unique focus and conceptualization of community education has allowed us to effectively construct a proper measurement of philanthropic collective action for community education that has been seemingly underdeveloped at the macro-level in previous literatures. Our definition of community education is distinguishable from individual educational performance and public education because the former is the sum of local individual human capital influenced by local economic conditions, socio-demographic characteristics and the local government.

This study provides three summarized results. First, our results deviate from the literature, suggesting that levels of social capital have direct negative effects on philanthropic collective action for community education when controlling for market and government establishments at the county level. Second, urbanity and community racial diversity positively moderates the relationship between social capital and philanthropic collective action. Third, when taking into account the interaction between social capital and racial diversity, the effects of social capital are greater in communities with high racial diversity and urban status. In sum, our findings partially support a positive relationship between the effects of social capital on philanthropic collective action for community education that is strongest when local communities are racially diverse and situated in urban areas.

According to constrict theory (Putnam, 2007), collective action for community education is more likely to be promoted in racially homogenous communities (Goldin and Katz, 1999). Furthermore, the existing literature has found that racial diversity may dampen community solidarity and social capital (Putnam, 2007; Paarlberg *et al.*, 2018). On the contrary, our findings imply that racial diversity at the community level may serve a more synergetic role in generating effective philanthropic collective action for community education when considering its moderating role in conjunction with urbanity. Rather, it can be extrapolated that organic communities are promoted in heterogeneous community environments and divisions of labor (Durkheim, 1912; Portes and Vickstrom, 2011). Racially diverse organic communities may enhance philanthropic collective action for community education by accommodating the interests and needs of numerous cultural groups. Racial diversity then becomes a collective resource that connects different groups and promote cultural pluralism (Berry, 2011). Results suggest that place matters when evaluating the moderating effects of racial diversity on the main relationship. Rural communities with low racial diversity have the lowest levels of community education while urban areas with high levels of racial

diversity have the highest levels of community education. Social movement discourses may provide rationales for our findings since collective action is considered a societal mechanism influencing social and institutional changes based on shared values and identities (King, 2008; Yue *et al.*, 2013).

In consideration of the social policy implications of our research findings, we make suggestions as to the improvement of local collective action in community education. Building sufficient social capital at the community level is important to expand the philanthropic sector, which satisfies community needs when local governments are deemed inefficient. Human services and community educational organizations are indispensable in delivering social services outside of the public sector and are supported directly by community constituents (Lee, 2018). For nonprofit practitioners, support for community education programs can be effectively facilitated in racially diverse communities that seek to establish social environments for community education. When nonprofit organizations operate programs regarding community education in racially homogeneous communities, they are recommended to prepare for strategic plans and efforts to mobilize community support. Urbanity and racial diversity are critical components of community ecology that are highly related to philanthropic collective action, which influences organizational plans and cultures for nonprofit program strategies.

In this context, we recommend that local policy-makers continue to place a strong emphasis on promoting community diversity and embedding civic virtue within cultural infrastructures. We recommend that nonprofit organizations in community education continue to adopt multicultural frameworks that are sensitive to culture specific community needs. Increased diversity across landscapes of community conditions is a defining feature of contemporary society with the growth of population and immigration contributing to existing norms, rules, and approaches of community engagement. Changing market, government and demographic structures impact the impetus for the development of social capital and the fruition of various types of collective action for community issues including community education. The effectiveness of philanthropic collective action may further contextualize our findings since monetary contributions to community educational nonprofits are motivated by varying levels of demand for better educational environments, where community constituents, who have the ability, mobilize their financial resources rather than time and energy (McCarthy and Zald, 1977). For local nonprofit practitioners and local governments, budgets or allocations that support local organizations and associations are recommended to invest in community education approaches to addressing locally situated inequities. In order to enhance philanthropic collective action for community education, community leaders in public, private and nonprofit sectors, including individuals and organizations, will focus on promoting social capital that bridges social actors in racially diverse communities.

In consideration of the limitations of our study, future researchers should seek a method that provides a more fine-grained construction of the social capital variable. First, we could include mediating variables to find how social capital transmits other antecedent variables on our dependent variable. Paarlberg and Yoshioka (2016) test a relationship between economic structure and community philanthropy that situates social capital as a mediating variable. By situating social capital as a mediating variable, effects of other socioeconomic and demographic characteristics might be effectively tested. Second, further research should seek to collect and assess panel data with longer time periods because our study is constrained within the confinements of cross-sectional analysis in two given years. Two-way fixed effects regression can be employed to control for omitted and unobserved variables over time and across entities, including across counties, whereby controlling for omitted variables may provide more robust results (Wooldridge, 2010). Third, in the discipline of sociology, the complementary use of mixed methodological approaches can provide deeper reflections on social capital and collective action research (Saffer, 2014).

Although quantitative methods are widely employed to measure social capital, qualitative methodologies such as case study design (Yin, 2017) and ethnographies remain important pillars to understanding more nuanced and context-specific social policy implications in the area of philanthropic collective action and community education. Lastly, we may expand our research questions to community issues related to other subsectors of nonprofits. By doing so, the study will require additional variables of community conditions and other types of philanthropic collective action variables rather than aggregated monetary contributions such as the total number of volunteering with others within the community.

Conclusion

In sum, this study's findings offer a contribution to our understandings of the complex relationship between social capital, community characteristics, and philanthropic collective action within the unique context of community education while also considering the moderating impacts of community racial diversity and urbanity. Social capital aligns with levels of civiness at the community level (Portes, 1998), and our study based on empirical findings implies that social capital bridging in racially diverse communities serves an important role in promoting collective philanthropic action for community education. Community education is a vital and indispensable sector; it is a space-bounded, collective, and structural concept embedded within local community conditions. Our findings imply that when considering the effectiveness of philanthropic collective action for community education, development will be most succinct when bridging social capital is promoted in racially diverse communities, serving as a viable response to addressing community needs not adequately addressed by the public sector.

Note

1. Community education nonprofits for our dependent variable are classified as B NTEE core code: alliance & advocacy (B01), management and technical assistance (B02), professional societies and associations (B03), research institutes & public policy analysis (B05), single organization support (B11), fundraising and fund elementary and secondary schools (B20), preschools (B21), primary and elementary schools (B24), secondary and high schools (B25), special education (B28), charter schools (B29), vocational & technical schools (B30), adult education (B60), libraries (B70), student services (B80), scholarship and financial aids (B82), student sororities and fraternities (B83), educational services (B90), remedial reading and encouragement (B92) and parental and teacher groups (B94).

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