

## **Social Capital and Public Image of Non-profit Organizations**

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### **Abstract**

*Social capital can be differentiated from these three areas, namely social system, social relations and social order, and form a new form of social capital. And the public image of non-profit organizations is a special composite form of social capital. This paper first discussed the social capital meaning of the public image of non-profit organizations, and argued that the public image of non-profit organizations actually contains various forms of social capital, and it is not only the comprehensive reflection of social capital, but also the comprehensive embodiment of the social capital of non-profit organizations. Next, this paper is focused on the core issues how social capital and the public image of non-profit organizations mutually construct each other, and analyzed the intrinsic relation between social capital and the public image of non-profit organizations. This paper argues that from the public image of non-profit organizations, we can abstract several kinds of image characteristics: authority, credibility, cooperation, participation, standardization, reputation, status. These characteristics, integrated together with "the third feature" (non-profit and non-governmental), public welfare, and voluntary feature, constitute a particular public image of non-profit organizations.*

**Keywords:** Social capital, Non-profit organizations, Public image, the Third feature

### **1. Problem Statement**

Pierre Bourdieu, a French sociologist, is the first scholar who analyzed systematically the concept of social capital. For him, social capital is defined as actual or potential resource aggregation, and the resources are inseparably linked with the possession of a certain lasting network, which is well-known, well-established and is a kind of institutionalized relation network. Social capital not just includes the forms of trust, regulation and network, etc. From an overall social perspective, we can find that social capital is actually present in the three more macro areas, namely social system, social relation and social order. Social system, social relation and social order are essentially the initial form of social capital, and are also the ultimate form of social capital. Simply put, social capital, formed in the social interaction of the social body (individual, organization or society), is social resource that can bring about real or potential benefits to actors and can also promote public interests. In other words, the influence of social capital is shown in two aspects: first is to bring about the actual or potential benefits to the actors who serve as social subjects; second is to promote the overall public interests of a society in a certain range. Therefore, from the view of the functional theory, social capital is a contradiction between individual choice and social choice. This means that social capital has both positive and negative effects. However, through its reasonable operation, the coordination of both interests and the realization of common interests can be achieved.

From Coleman's study, we can easily find that every form of social capital does not purely belong to a certain field, but is closely related with other fields, and it is even a combination of various forms of social capital. For example, the multi-functional organization is a special form, which involves information networks, regulations, authority and other aspects. This is not to say that the theory study of social capital is blurred, but illustrates the close relation between various forms and various elements of social capital. Social capital can be differentiated from these three areas, namely social system, social relations and social order, and exist as a single form of social capital. And it can also form a new form of social capital based on the interaction between various forms of social capital. Here the public image of non-profit organizations (NPOs) is a special composite form of social capital, which will be discussed below in details.

Currently, the dominant study is on the formation mechanism of the public image of NPOs from the three levels, namely public impression, public attitude and public opinion, which is reasonable. However, too much emphasis on the influence of the public's evaluation to the public image of NPOs also has its limitations. The public image of NPOs depends not only on the public's evaluation, but also on various factors including the internal system of NPOs, the system of the region where NPOs are, various social relations between NPOs and social subjects, the stability of economic social order inside and outside NPOs.

If the contrast is made between the theory of public image of NPOs and that of social capital as a whole, it is easy to see that the academic study on social capital and that on the public image of NPOs are asymmetrical. The study of social capital is focused on the effects of implicit feature and internalization within the internal structure. However, the study on the public image of NPOs puts more emphasis on the effects of explicit feature and externalization of various factors. If the framework of social capital study is internalized into that study of the public image of NPOs, it would be a very meaningful and valuable and thus we need to find its internal consistency and intrinsic links. I will explain my further study on this below.

## ***2. Public image of non-profit organizations: a special composite form of social capital***

The academic study on the public image of NPOs mainly includes two parts, namely the public image theory of NPOs and the public image strategy of NPOs: first is the study on the connotation and formation mechanism of the public image of NPOs, second is the study on methods and techniques required during the operation process of building, communication, and assessment of the public image of NPOs. The focus of this paper is on the internal relation and intrinsic interaction between social capital and the public image of NPOs. In summary, the connotation discusses why the public image of NPOs is a special composite form of social capital, which will be given in this part. As for the formation mechanism, we will discuss in Part III how the special composite form of social capital forms the public image of NPOs, which involves the intrinsic relation between social capital and the public image of NPOs.

There is intrinsic relation between social capital and the public image of NPOs. In other words, within the analytical framework of social capital, we can find various factors that have internal and intrinsic influence on the public image of NPOs. To some extent, the analysis of the public image of NPOs from the vision of social capital is helpful to get rid of the drawbacks of dispersion and superficiality so that the past research can be further deepened. Within the analytical framework of social capital, the public image building of NPOs can be summarized as such a process: within the constraints of the system, strive for the convenient conditions of action; through social interaction, create favorable internal and external relations, and thus make the social economic order towards the direction conducive to the development and maintenance of its own interests. Similarly, within the analytical framework of social capital, the basic structure of the public image of NPOs is much richer and deeper. A variety of public image features of NPOs can be derived from the internal interaction between these social capital factors. These aspects, including the mutual benefit produced by NPOs and its structure of mutual trust, obligation and expectation, the reputation, status and authority of NPOs, the compliance, adaptation or internalization of NPOs to formal regulations, values, moral values, ethics, customs and ideology, etc. constitute the factors of the public image of NPOs to some extent.

In fact, the public image of NPOs actually contains various forms of social capital, and it is comprehensive reflection of social capital. The internal and external effects of value, morality, rules and regulations, etc. of NPOs, the impression and evaluation of the behavior pattern and visual appearance of NPOs to the members and the public, all show that the public image of NPOs is the comprehensive embodiment of social capital. The public image of NPOs is essentially the complex of social capital. In fact, the existence of social capital is the result of the presence of external influences of us actors. Therefore, social capital can be defined as a kind of social resources to internalize the actors' external influences. Public impression and evaluation is the external influence of the NPOs, and the internalization of the external influence forms the whole image of NPOs as actors. The public image of NPOs needs to be established through externalization, which is the input cost to build the public image of NPOs. The public image formation of NPOs is essentially two parallel processes: at the same time of the externalization of internal influences of NPOs, the internalization of external influences of NPOs is realized. The process of the public image formation and influence production of NPOs is accompanied with the investment and return of economic (physical, human) capital and social capital. This is the essence of the public image of NPOs, and is also the significance of its existence.

The public image of NPOs is not to demonstrate a perfect face for its existence, but to reflect its value through the real return of resources. In short, the public image of NPOs is achieved through the social capital of NPOs, and it in itself is a special form of social capital for NPOs. Economic capital is the material basis for the public image of NPOs, while the public image of NPOs is a complex of social capital in essence. The breadth of the public image of NPOs is determined by the ownership of social capital of NPOs, while the depth of the public image of NPOs is determined by the effective operation of social capital; the former's emphasis is on popularity and the latter's focus is on reputation. In previous studies, popularity and reputation are taken as two concepts of symmetry, which has limitations theoretically. Between popularity and reputation there is a vital process, which is recognition, or reliability. It has certain defect to take trust and approval as the factors of the reputation. The public recognition of the public image of NPOs needs to be based popularity, while recognition does not mean approval.

Recognition is an intermediate state after the formation of popularity and before the formation of reputation, and it is also an intermediate transition from popularity to reputation. The analysis of the public image of NPOs can be more effective by combining popularity, recognition and reputation.

From the perspective of social capital, we can clearly see this process: First, Trust is based on the public awareness and understanding of a NPO, and public trust can be converted to approval only when their interests can be met. Social capital and public image operation of NPOs is a interrelated and interaction process. Public image of NPOs is the organic integration of a variety of social capital of NPOs, and it is an optimized combination of social capital.

### **3. Combination of social capitals: formation of public image of non-profit organizations**

From the public image of NPOs, we can abstract several characteristics: authority, credibility, cooperation, participation, standardization, reputation, status. These characteristics of NPOs, integrated together with their own "third feature"(non-profit and non-governmental), public welfare and voluntary feature, constitute a particular public image of NPOs. We can state that the public image of NPOs is a special composite form of social capital of NPOs, while it is also obtained through the social capital of NPOs. The public image of NPOs is the organic integration of a variety of social capitals of NPOs, and it is an optimized combination of social capital. In this section, we will discuss how the social capital, as a special composite form, forms the public image of NPOs, which involves the intrinsic relation between social capital and the public image of NPOs.

#### **3.1 Formal regulations and external system resources of non-profit organizations**

The process of the formal regulation's influencing the public image of NPOs is in two aspects: first is to follow the system's constraints, second is to access to resources within the system. These both constitute the formation mechanism of the public image of NPOs. Legal environment reflects a certain public image for NPOs: in the country or region that has perfect legal system, the behavior of NPOs is closer to regular, and the public image seems better to the public. Otherwise, a bias will be formed in the public. For example, in an economically and socially developed city, which is in perfect order, the public image of NPOs often seems better, even when the public does not know the specific circumstances. The degree of compliance to the formal regulation directly affects the image of NPOs. Therefore, the efforts of NPOs to comply with and maintain the regulations directly form the internal and external image of NPOs. Law-abiding NPOs will be recognized by the public, while the NPOs whose behavior is not standardized will give people very bad impression, which can be often seen in real life. This also reflects the importance of formal regulations to the public image of NPOs. Access to resources within the system represents NPOs' using system resources to solve various problems. When NPOs obtain certain rights, these can be achieved through a formal procedure of formal regulations. When NPOs' rights are infringed, they can appeal to law in order to avoid irrational disputes. When it is not necessary to use formal regulations to coordinate disputes, the use of resources within the system may cause negative effects. For example: if some NPOs take legal action over small disputes involving minor interests between themselves and the government or the public, their public image of NPOs will be harmed in the eyes of the public.

#### **3.2 Informal systems and public image of non-profit organizations**

Informal systems affect the public image of NPOs through specific socio-culture. Values, moral standards, ideology, ethics, customs, etc. are all important parts of a specific culture. Certain culture atmosphere gives rise to corresponding public image of NPOs. For example, Chinese NPOs show the characteristics of oriental culture, and their image is given the characteristics of oriental culture by the public. German NPOs have the characteristics of western culture, and the formed public image of NPOs also has the characteristics of western culture. That is to say, informal systems under specific culture bring about the specific public image of NPOs, which can not be changed freely by NPOs themselves and must adapt to their system environment. NPOs themselves have certain values and moral standards, and believe in a certain ideology. And NPOs's own concept must match their environment to obtain a favorable public image.

In a particular country or region, people's values, moral standards and ideology of beliefs often determine their evaluation criteria of external matters, so for NPOs to win a favorable external evaluation, they must pay attention to their concept under specific culture and the resulting criteria of external matters. Ethics and customs constrain the behavior of NPOs more directly. The loss caused by NPOs' infraction of these ethics and customs is much larger than that caused by vilolation of formal regulations. The public image of NPOs, brought about through complying with ethics, customs, and practices, often has strong stability. Similar to formal regulations, NPOs can also access to resources within these informal rules: they can not only obtain the appropriate rights through customs, practices, and other special procedures, but also settle disputes within the scope of customs, practices and other rules, which often saves transaction costs to a large extent.

### **3.3 Mutual assistance and cooperation image of non-profit organizations**

In modern operating system of NPOs, the cooperation between NPOs becomes more and more important. The cooperation between NPOs is essentially a form of mutual assistance. Mutual assistance does not involve the direct exchange of the economic capital, while the cooperation may exteriorly have the direct exchange of economic resources, however, the internal process of cooperation exhibits mutual benefits. Both sides of cooperation obtain the required resources respectively through this social capital. For example, NPO A cooperates with NPO B to provide services; NPO A provide capital, technology and other resources, while NPO B only input human resources for management and services; both obtain parts of rights to mobilize resources together. This constitutes a cooperative relationship between both sides. The cooperation exteriorly has the exchange of economic resources, while essentially, the exchange of economic resources can only be realized through the internal process of mutual exchange. That is to say, they first formed mutually beneficial relationship through cooperation so that they can access resources from each other, and then the resources are acquired through the exchange on the basis of mutual benefits. In this course, specific image is formed in the eyes of each other: the other side is not a competitor or other forms of actors, but partners, who can bring mutual benefits and therefore deserve affirmation and recognition. The relationship between NPOs and individuals may also exist, and their mutual relations are similar to those between NPOs themselves. Here no detail will be stated.

### **3.4 Information networks and external multi-function organizations**

When information networks or internal and external multi-functional organizations are involved, NPOs should be included in their system, that is to say, NPOs at this time is part of information networks or external multi-functional organizations. In the information network, NPOs shall input and output information, while during the information output, their own image is also delivered to some extent. After the feedback is input, the changed public image of NPOs will be formed, that is, NPOs will take into account the input information to change their own image. Therefore, the core feature of NPOs in the information network is delivered of image, and the information network in itself implies a certain public image of NPOs. The core characteristics of NPOs in the external multi-functional organizations are participation degree. The interaction relationship is formed between NPOs and multi-functional organizations, and resources are input and output through exchange. This association process often needs public image as its basis, while it may promote the public image of NPOs; in particular, this participation involved enlarges the popularity of NPOs, and in some circumstances, can enhance the recognition and reputation of NPOs.

### **3.5 Trust and credibility of non-profit organizations**

Trust is an important form of social capital. The trust of the behaviors or products of NPOs from the public directly affects their overall impression of NPOs. Being trusted means to be able to find favour in the public's eyes in the association and thus the interaction process can be more smooth and effective, which is the public image representation of NPOs to some extent. Only on the basis of mutual trust between NPOs and the public, can the relative stable relationship be established and maintained. The Public image of NPOs will be seriously damaged by the loss of the public's trust. It is hard to imagine that a NPO can leave a good public image to the public based on the loss of the public's trust. Trust is also the basis on which credibility of NPOs is formed. In the quasi-market service activities, the vast majority of trading is maintained relying on the credibility of both parties of the transaction. Law and credibility are both effective mechanisms to maintain the orderly operation of the market. However, it is not possible for each exchange activity to resort to the law or other formal regulations. Therefore, the credibility for NPOs plays an extraordinary role. In the association activities, credibility is essential to convert a one-shot game into a repetitive game. Credibility in itself is a kind of most direct and very important public image of NPOs. Stable credibility represents a good public image of NPOs, while lack of credibility represents a poor public image of NPOs.

### **3.6 Authority image of non-profit organizations**

Authority is essentially the realization and application mechanism of social rules, and it is also a effective guarantee system for social rules to be formulated and for its function to be realized. In addition, it is the channel to maintain the organic relationship and coordination of every social element. Therefore, the authority of NPOs means to establish economic social order within the internal and external system regulations. Authority ensures the realization of rights inside the power, and not just uses the power to obtain its required resources. Only when the party who dominates authority should maintain and promote the interests of the other party subject to the authority, can this party hold authority and enhance the authority image. When NPOs have authority, the authority of NPOs itself is also an integrant part for the public image of NPOs. The process, in which NPOs establish authority and maintain this order in public, is also the process in which the public image of NPOs exists and maintains at a high level.

During the process, the authority of NPOs shows up. The level of authority determines the quality of the authority image of NPOs: the relationship of domination and obedience formed between NPOs and the other party is low level of authority, from which the authority image generated has small influence, while the authority establishment in a large range of social relations means the formation of high level authority, which has great influence. The internal authority of NPOs also exists, which is the internal authority image of NPOs, and it has the same characteristics as the external authority image. The internal authority of NPOs is often possessed by the leadership. However, the authority resulting from the special character is often overlooked. For example, if some person inside a NPO who is inspiring greatly because of his certain age and qualifications, then he has certain authority in the whole NPO, and thus in some circumstances, he can contribute more effectively to the realization of certain order.

### **3.7 Reputation, status and public image degree of non-profit organizations**

Reputation and status of NPOs is direct constitutive element of the public image of NPOs, which is similar to credibility and authority, and is also closely related. Reputation and status of NPOs are often formed on the basis of certain strength. If a NPO has a certain reputation and status in its industry or in society, it will inevitably have the corresponding popularity, recognition and reputation. In this paper, the three aspects of popularity, recognition and reputation are called public image degree of NPOs. Reputation and status is extremely important social capital of NPOs. NPOs must continuously improve their image on the basis of their original strength in order to maintain the stable existence of such an order. The greater influence a certain form of social capital has on the public image of NPOs, the greater destruction to public image degree is resulted from the loss of the social capital. If the reputation of a certain NPO has greater influence on its image than the authority does, then when the NPO's reputation is suffered, the degree of the damage that the public image of the NPO suffered is greater than when the authority image is suffered.

### **4. Brief conclusion**

In summary, there is internal consistency between social capital and the public image of NPOs. The public image of NPOs is neither physical capital, nor human capital or other forms of capital, but is the comprehensive reflection of the social capital of NPOs. Accumulation and application of the social capital of NPOs contribute to building a favorable public image. From the formal differences, we can see, the two are an organic unity. From public image of NPOs, we can abstract several characteristics: authority, credibility, cooperation, participation, standardization, reputation, status. These characteristics, integrated together with "the third feature" (non-profit and non-governmental), public welfare and voluntary feature, constitute a particular public image of NPOs.

In this sense, the formation of the public image of NPOs is essentially the entire process from exchange to delivery and then to assessment. Public image does not come from imagination. First, by the exchange between economic capital and social capital or social capital and social capital, social capital factors related to the public image of NPOs are obtained. Then the interaction between various forms of social capital has various characteristics of the public image of NPOs delivered. Finally, the overall public image of NPOs is formed through the identification and evaluation of the public image characteristics of NPOs by the public. Simply put, there is a relation of mutual construction and derivation between social capital and the public image of NPOs. From the public impression to the public attitude, and then to public opinion, exchange, evolution, evaluation are the whole process for the public image of NPOs to form and maintain. It should be noted that various forms of social capital and various characteristics of the public image of NPOs are both part of the mutual structure abstracted from the internal and external association activities of NPOs.

The social image of NPOs is the public impression of NPOs. In general, the public impression is correlated positively with the public welfare image of NPOs, however, the public impression is in no way equal to the public image of NPOs. Sometimes the bias of the public impression may be caused by subjective and objective reasons. The public image of NPOs that is built successfully does not necessarily leave a good impression to the public. The public impression is essentially the public's stable internal evaluation formed within the concept of the public's values, morality. For NPOs to establish a certain public image, first a good impression to the public is necessary. It can be said that the efforts to shape value of justice, philosophy of care, spirit of volunteer and special care is to leave a good impression to the public.

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