

**GOLFING ALONE?  
LOCAL CORPORATIONS, ELITE COHESION AND  
COMMUNITY SOCIAL CAPITAL, 1986-1998\***

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September 7, 2004

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**ABSTRACT**

This paper examines how the density of corporate and bank headquarters in a community, and the degree of social interconnection among local elites, influence changes in the density of different types of non-profit organizations. We contrast a cohesion approach, which emphasizes the positive influences of corporations and well-connected civic elites, with a critical approach that takes a skeptical stance to corporate and elite activities.

Using information from interviews, the Census, IRS records on non-profits, and securities filings for every corporation listed on Nasdaq and the New York Stock Exchange, we assembled profiles of 62 Metropolitan Statistical Areas for 1986 and 1998. Our results indicate that there is a subtle relationship between corporate presence, cohesive elites and civic organization in US communities. Growth and decline in the number of cultural institutions and other elite-oriented non-profits was contingent on the density of businesses headquartered in a community. In contrast, the health of community-oriented non-profits was unrelated to corporate density, but was influenced most heavily by the structure of connections among members of the community's elite. While a more cohesive local elite had positive effects for most communities in our sample, our results indicate the having too cohesive an elite has a detrimental effect on local civic organization.

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Scholars across the social sciences began a vigorous debate around the social structural sources of economic prosperity and civic health during the 1990s. The “discovery” of thriving industrial districts in northern Italy (Piore and Sabel, 1984), Silicon Valley (Saxenian, 1994) and elsewhere suggested that some geographic areas provided more fertile soil for business than others, possessing a quality that became encapsulated in the term *social capital*. It was not merely business but democracy itself that benefited from social capital: the social networks, community organizations, and trust-building norms linking citizens of northern Italian regions made them more receptive to democratic reforms than their disconnected and untrusting neighbors to the south. Dense social ties fostered norms of reciprocity, created channels for gossip (and thereby gave incentives to maintain one’s reputation for trustworthiness), and spread templates for successful cooperation, whether in business or civic life (Putnam, 1993).

It was thus with some dismay that Robert Putnam (2000) observed secular declines across the US in voter turnout and membership in voluntary organizations. The greatest generation, which had bonded through service organizations and bowling leagues, had been succeeded by an anomic generation that bowled alone and avoided the Elks Lodge, with ominous implications for the communities where they lived. But while Putnam largely attributed declines in indicators of social capital to individual choices (e.g. too much television; women’s participation in the labor force; generational differences in

civic activities), others pointed to more structural features of the corporate economy. Individuals' choices are made against a set of constraints shaped by the society and economy around them, and the US (in contrast with Italy) is a society of organizations. "Organizations are the key to [American] society because *large organizations have absorbed society*. They have vacuumed up a good part of what we have always thought of as society, and made organizations, once a part of society, into a surrogate of society" (Perrow, 1991: 725-726). Thus, the decisions of those controlling the means and ends of large organizations—the corporate elite—weigh most heavily in shaping the social capital of their local communities (see, e.g., Galaskiewicz 1997 on Minneapolis-St. Paul). As Skocpol (1996: 25) put it, "How ironic would it be if, after pulling out of locally rooted associations, the very business and professional elites who blazed the path toward civic disengagement were now to turn around and successfully argue that the less privileged Americans they left behind are the ones who must repair the nation's social connectedness."

In this paper we take an organizational approach to community social capital by examining the changing patterns of connections among business elites and society in 62 American communities<sup>1</sup> from the mid-1980s to the late 1990s. In doing so, we take up the challenge offered by Hinings and Greenwood (2002: 411) to refocus organizational theory on "the consequences of the existence of organizations." We specifically ask how changes in the density of banks and other businesses headquartered in a community, and changes in the social networks connecting the elites running these organizations and

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<sup>1</sup> Our sample consists of 62 Metropolitan Statistical Areas (MSAs) as defined by the US Office of Management and Budget.

major non-profits, influence the civic infrastructure of these communities. Our data include qualitative fieldwork from a major US metropolitan area, as well as quantitative data on the elites of significant corporate and non-profit organizations from the mid-1980s and the late 1990s. Our dependent variables include two types of indicators of civic infrastructure in the 62 cities at the beginning and end of our sample period: the density of elite-oriented and community-oriented non-profits. We contrast two general types of accounts, one focused on the benefits of corporate involvement in the civic sector and one highlighting the potential for elite domination.

Our sample period allows us to assess variation in civic infrastructure both across communities and over time. Moreover, this is an especially informative period to study, as the fortunes of US cities and the companies located in them have varied dramatically. Detroit, for instance, has seen a continued decline in population over the past two decades as the “big four” independent automakers headquartered there shrank to two, while the number of companies headquartered in the San Jose area exploded as hundreds of start-ups were founded in Silicon Valley. Nearly one-third of the largest US manufacturers (and their head offices) were absorbed through merger or acquisition during the 1980s (Davis, Diekmann and Tinsley, 1994), while scores of companies voluntarily re-located their headquarters. As an example of these changes between communities and over time, Figures 1 and 2 show the social network diagrams of board of director connections between publicly traded and major non-profits in St. Louis and Detroit in both 1986 and 1998. Note that St. Louis has generally increased in the number of local organizations

whereas Detroit has stagnated. Furthermore, in both cities, there has been an overall decline in the connectedness of the local organizations.

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Insert Figures 1 & 2 about here

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These dynamics often benefited some communities at the expense of others. When Boeing announced its plan to abandon Seattle, it set off a bidding war among Dallas, Denver, and Chicago. In 2002, its first year headquartered in Chicago, Boeing donated \$2.3 million to various Chicago civic institutions, and Philip Condit, Boeing's CEO, joined several local non-profit boards (Crain's Chicago Business, 2002). Houston's non-profit sector, in contrast, lost one of its most generous patrons after Enron imploded in 2001. Moreover, local commercial banks, which traditionally held central places in the social structure of community corporate elites, have been acquired en masse as regulatory barriers to interstate expansion fell: from 1980 to 1998, there were thousands of bank mergers involving about \$2.4 trillion in acquired assets (Rhoades, 2000). Thus, both the spatial distribution and density of connections among corporate elites have changed significantly since the early 1980s, providing an informative context to examine the link between the social organization of corporate elites and civic infrastructure in US communities.

## **SOCIAL CAPITAL AND CIVIC INFRASTRUCTURE IN US COMMUNITIES**

“Social capital” evolved from a social science term of art to a business and policy buzzword during the 1990s, and along the way it has been assigned a variety of

definitions. Social capital can be seen as a property of relationships between individuals (Coleman, 1988) or of collectives. Portes (1998), for instance, defines social capital as “The ability of actors to secure benefits by virtue of membership in social networks or other social structures.” In contrast, Putnam (1993) sees it as an attribute of a collective, most typically a geographic community: social capital entails “features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit.” We refer to this latter definition as “community social capital.” While we generally agree with Putnam’s definition of social capital, we offer a caveat that emphasizes the importance of bounding the “community” at an appropriate level of analysis. Putnam’s (2000) analysis and statistical support are largely at the national and state levels. This is a peculiar choice: California, for instance, subsumes the quite divergent communities of San Diego, Orange County, Los Angeles, San Jose, San Francisco, and Oakland into a single unit of analysis. On the face of it, it is unclear why the social networks and defining norms of Orange County and San Francisco would have *any* overlap, much less comprise a single community. Table 1 describes the considerable variation between these communities on our main variables of interest: elite and community-oriented civic infrastructure measured as non-profit organizations per capita.

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Insert Table 1 about here

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Beyond questions about whether Putnam’s theory is tested at the appropriate level of analysis, there are questions as to whether these diverse elements fit into a more global property. Fischer (2001) found little correlation among these elements using data from

the 1972-2000 GSS. Our fieldwork also indicated that informants identified civic infrastructure, such as local non-profits as the foundational element of local community ecosystems, as these organizations facilitated the other more individual means of engagement. While it is appealing to have infrastructure, involvement, sociability and trust as one composite variable as Putnam suggests, we believe these are conceptually distinct and therefore should be measured and tested separately. In this paper, we focus on perhaps the most important element of a communities' social capital: its civic infrastructure as measured by the presence of local non-profit organizations.

The significance of local civic infrastructure to the vitality of US communities has been studied in a number of localities, including Allentown, PA (Safford, 2004); Atlanta (Heying, 1997); Chicago (Gronbjerg, Harmon, Olkkonen and Raza, 1996), Dayton, OH (Rimer, 1996), Minneapolis-St. Paul (Galaskiewicz, 1985); Philadelphia (Adams, 1991); Pittsburgh (Sbragia, 1990); Santa Barbara, CA (Moltoch, Fruedenberg and Paulsen, 2000); Shreveport, LA (Gurwitt, 1991), Youngstown, OH (Safford, 2004), and Ventura, CA (Moltoch, Fruedenberg and Paulsen, 2000). Common across many of these studies is an understanding that civic infrastructure mediates the relationship between local businesses and the broader society. Put another way, it is through local non-profits that corporations have their impact on communities. The most well know example of this is how Minneapolis-St. Paul developed an “urban grants economy” where non-profits funneled resources from corporations to community causes (Galaskiewicz, 1985). Other examples include how the loss of NCR led to declines in aggregate community involvement in Dayton (Rimer, 1996) and how changes in the corporate sector had a

negative influence on United Way campaigns in Chicago (Gronberg, et al., 1996). The connectivity of the local corporate and non-profit network also enabled Allentown to resurge following a decline in manufacturing (Safford, 2004). These examples, as well as our fieldwork suggest that local non-profits provide a civic infrastructure for a community and are an essential element in a communities' social capital.

In the work we report below, we study the influence of corporations and corporate networks on civic infrastructure in 62 US communities. By doing so, we attempt to address three problems with Putnam's work. First, we focus our attention on the organizational infrastructure of communities and how local corporations and civic elites promote or constrain community well being. Second, we conceptualize and test our theory at a level of analysis more appropriate for understanding community social capital, i.e., US metropolitan areas (rather than states). Finally, we disaggregate Putnam's concept of social capital in order to understand the varying effects of community and organizational variables on perhaps the foundational element of community social capital - the level of civic infrastructure in a community.

## **THEORY AND HYPOTHESES**

Theories on corporate and social elites have been split on the impact that their cohesion might have on the broader society. Tocqueville (1835) argued that civic elites in the US promoted the vibrancy of their communities through their involvement in local associations. For Marx (1872), however, elites by their nature were exploitative and exclusionary, so their tight relationships would likely benefit themselves at the expense

of the larger society. And Adam Smith famously stated that “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices” (1776: chapter 10, part 1). Empirical research has supported both the Tocqueville cohesion (e.g. Galaskiewicz, 1997; Putnam, 2000) and more critically oriented positions (e.g. Hunter, 1953; Ratcliff, 1980). We will focus on both cohesion and critical theories in order to understand the influence of local corporations and elite network density on civic infrastructure in America. Our hypotheses are based on existing theory and fieldwork conducted in a major US metropolitan area (see Appendix A for further detail on qualitative data collection and analysis).

We examine two overlapping factors that can influence the prevalence of civic organizational infrastructure: (1) the density of corporate and bank headquarters in a city, (2) the level of connectivity among the elites governing local businesses and non-profits. In each of the sections that follow, we provide some context on the settings of the tests and a description of how both cohesion and critical theories would approach the issue.

### **Local Corporations and Civic Infrastructure in US Communities**

Building upon Tocqueville, Putnam (2000) argued that the apparent social deterioration of the United States resulted from a decline in community involvement flowing out of an infrastructure of voluntary associations. In previous work on Italian communities and their success in implementing governmental programs, Putnam (1993) described how traditions of civic engagement shaped their overall vibrancy and in particular their

effectiveness in implementing democratic reforms. The well-connected communities of Northern Italy were knit together by strong norms of reciprocity and a thriving “extracurricular” sector that fortuitously supported dense social networks: “Members of Florentine choral societies participate because they like to sing, not because their participation strengthens Tuscan social fabric. But it does” (Putnam, 1993). In contrast, communities in the South tended to be disconnected and untrusting, and thus less effective at reform.

When locating the root causes of American social decline, Putnam focused primarily on generational changes, growing suburban sprawl, increasing pressures of work, and the influence of television, which combined to lower individuals’ engagement in voluntary organizations such as choral societies. Yet as Skocpol (1996) noted, this analysis gives little weight to organizational actors and the social elites that Tocqueville credited with promoting civic health. Prior research, however, suggests that the presence of local businesses have a significant influence on the vitality of the civic and non-profit sectors that are central to Putnam’s argument. A recent study of companies in Miami, Boston and Cleveland described how locally headquartered companies contributed considerably more than non-local companies to the community, in addition to being much more involved in local civic leadership than non-locally based companies (Kanter, 1997). The number of corporate headquarters in a city is positively associated with per capita spending at the local level (Friedland, 1983). And Galaskiewicz (1985) found that the philanthropic efforts of local corporate leadership in Minneapolis-St. Paul resulted in the

creation of the “5-Percent Club,” where local companies gave five percent of after-tax profits to charity.

The relationship between Cummins Engine and its headquarters city—Columbus, Indiana—illustrates the influence corporations can have on the welfare of local communities. As described by Whitman (1999: 113), Cummins Engine “...functioned as the mainstay of local charities, entered into imaginative partnerships with local public schools, and once even lobbied for a higher state corporate income tax so as to pay more of what it regarded as its fair share.” Conversely, the loss of a local corporate headquarters has been shown to have detrimental effects upon the community that had formerly benefited from its philanthropy. In Pittsburgh, following the acquisition of Gulf Oil, over \$2 million in local giving evaporated from the community. “[C]ivic organizations that lost money and volunteer support on account of Gulf’s sale include hospitals, colleges, museums and the world renowned Pittsburgh Symphony” (Hirsch 1987: 68). As described by the series of articles on Dayton, OH that appeared in *The New York Times* (Rimer, 1996), the city’s decline was seen as a direct result of corporate dislocation, particularly the acquisition of NCR by AT&T in 1991. By 1996, these articles report that few home-grown companies remained in Dayton and as a result there was declining non-profit involvement and decreased United Way support. These examples indicate that corporations can contribute to the civic health of their communities through their local spending and leadership.

Finally, a particular type of corporation—the commercial bank—has historically held a central place in local non-profit sectors. Idiosyncrasies of US federal and state banking laws tightly restricted the geographic growth of banks for much of American history, and as a result they established deep roots within their communities. Thus, banks have long been perceived as the center of community social and economic life (Ratcliff, 1980), and are particularly important in geographically-based inter-corporate networks (Mintz and Schwartz, 1985). One study, for instance, found that bankers were the most central actors in local network structures (Perrucci and Pilisuki, 1970). The typical bank board in the 1980s was much larger than other corporate boards and was staffed by CEOs and other high officers of local businesses who could provide both intelligence for the bank’s own decision making and signal the bank’s legitimacy to potential corporate clients—in effect it provided a regular meeting place for the local elite (Davis and Mizruchi, 1999). The importance of banks to community economies is highlighted by Adams’ (1991) discussion of how the slide of Philadelphia toward bankruptcy in the 1980s was accompanied by the decline of locally headquartered banks from twelve to one. Later observers of Philadelphia also addressed this connection between banks and local vitality and noted that the final remaining bank at the time of Adams’ study, CoreStates, was acquired in 1997 by First Union from North Carolina (Lehman, 2000).

Consistent with the research described above, interview subjects in our fieldwork<sup>2</sup> asserted that locally-based corporations could promote the vitality of the civic sector in two ways: through the involvement of corporate personnel in local non-profits and

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<sup>2</sup> See Appendix A for information on our qualitative data collection and analysis procedures.

through financial support of the civic infrastructure. First, interviewees indicated that businesses can promote community involvement by placing executives in leadership positions of civic organizations and by aggregating volunteer labor, which is essential to the vitality of the civic infrastructure. Local bank presidents and vice presidents in particular were seen as important board members of community organizations. Almost all of the representatives of civic organizations that we interviewed indicated the importance of electing members from local corporations to non-profit boards in order to ensure funding sources. The executive director of a non-profit that serves the local community said:

While there are many reasons why we invite people to our board, for example, diversity and expertise, one of the key factors is willingness to support our group financially. And that means both as an individual donor and a representative of their corporation. We think for most non-profits that is the case—features of the person are important, but it is also essential that they be active supporters as well.

While the benefits to non-profits from corporate participation are obvious, corporate managers can also gain from their involvement with non-profits. More than one respondent stated that leadership opportunities such as non-profit board memberships are important steps along the road to executive advancement. Supporting this, the community where we conducted these interviews had a training program to develop non-profit directors run by the Chamber of Commerce. The community relations manager for a Fortune 500 retailer described this process:

We encourage our employees to participate in non-profit activities. For instance, one of our regional managers is taking the non-profit board member development program run by the local Chamber of Commerce. This is a program where they take up-and-coming corporate leaders and teach them what they need to know to serve on a board of directors. It is a rigorous program and we sponsor that

person. Then they try to set that person up with an appointment to a board.

Corporate involvement in non-profits can also cultivate individuals' involvement in civic activities. Corporations provide a venue for aggregating volunteer labor. For example, a respondent from a Fortune 500 manufacturer described how their company gave two paid days to all employees to volunteer for local non-profit activities, and some companies provide executive-on-loan programs to help community non-profits. An executive of a major US corporation whom we interviewed illustrates how extensive these programs can be:

We also have extensive programs in [headquarters city] that coordinate these activities and we provide a venue where that is possible. We had a clean-up day last May where employees were encouraged to help clean areas of the communities where they worked. In addition we fund a huge retiree volunteer association. They logged almost 100,000 of volunteer time last year. We provide them with a budget, but aside from that, it is entirely employee-run.

By the same token, non-profits suffer from the loss of local businesses that are acquired or re-located. The corporate contributions manager of a major US bank described the impact of a corporate re-location:

There is not necessarily a loss of funds, but a loss of leadership. Companies usually need to continue to spend if they want to do business in area, however, the numbers of leaders in the area may be less and people who volunteer may be less.

Furthermore, a senior manager of the primary locally headquartered utility that has stayed in the city after other companies left describes the pressure on the leaders that are left behind:

Some cases following a merger, companies increase local giving budgets, but lose leaders. For example, the new president might not have any background or interest in the community. This is one of the lesser thought-of impacts of a company leaving a community. (Our) execs are being tapped a lot more to chair events and be directors because there are not many local leaders anymore. This is especially the case when diversity is important. Our boss for instance is an African American male, and in the past, he had some other African American senior manager peers. But after the [bank] and [phone] mergers, those positions have been replaced with non-minorities. So, now [he] is constantly being asked to be a part of things.

While the leadership and involvement that corporations provide may be vital to community prosperity, the financial resources they spend locally are also essential.

Having locally-headquartered firms is important because corporate philanthropic giving is largely focused in the headquarters city. One interviewee, the president of the corporate foundation for one of the largest corporations in America indicated that “80% of corporate spending is typically in the headquarters city.” Galsakiewicz (1997) similarly found that about 70% of corporate philanthropy stayed within his focal city of Minneapolis-St. Paul. Another respondent indicated that “Just about all of our funding of cultural activities is in [headquarters city], because it is in the HQ city.” Similar to the Dayton example above, almost all of our respondents indicated that when a corporation leaves it harms the community, with some describing how Connecticut had declined following the loss of insurance companies, and how Midwestern cities have suffered following the loss of manufacturing plants and headquarters. But while corporate mergers may harm the community left behind, they can also be a boon for the community of the surviving entity, as corporate philanthropy is often given as a percentage of profits.

Interviewees also contrasted the community involvement of banks and non-banks. Bank trust departments have historically helped guide the philanthropy of wealthy clients, and thus banks have a strong tradition of ties to the local charitable sector (Agard et al., 1997). Furthermore, banks have an economic interest in establishing social networks (Uzzi, 1999) as well as having prosperous communities. For instance, the CEO of a locally headquartered bank described:

Strong communities make strong community banks, and vice versa...I require all my managers to serve in the non-profit community, and it's a component of their annual evaluation

The role of banks in community leadership may have been particularly salient to our informants because in the community where the interviews took place, two of the three major banks had recently been purchased by out of town banks, with detrimental consequences. Respondents noted that bank managers are still involved on local non-profit boards of directors, however, their giving has declined. The executive director of the local community foundation said:

The role of banks has changed with all of the mergers. The local presidents are still involved in the non-profits because people want them on the board, but their giving is different because local presidents do not have discretion over it any more. The decisions always have to go through [city] or [city], or wherever the headquarters is.

Summarizing, based on cohesion theory and our qualitative findings, we expect that the density of corporate headquarters, and the density of banks headquartered in a city will be positively associated with the levels of civic infrastructure in that city. This suggests the following hypotheses:

- H1a: Greater local corporate density will increase the density of local non-profits that serve the overall community.
- H1b: Greater local bank density will increase the density of local non-profits that serve the overall community.

The potential value to communities of having locally-headquartered companies may seem obvious, but critics have pointed to the dark side of powerful local economic actors and their ties to the civic sector. Morck, Stangeland, and Yeung (2000), for instance, describe the “Canadian disease,” in which wealthy elites (e.g., heirs of well-established business dynasties) use their political influence to enact policies that impede entrepreneurship which might threaten their predominant position—resulting in lower economic growth for the community overall. Oddly, this critique of power elites has found adherents on the right as well as the left. George Gilder argues that bureaucratic Big Business impedes entrepreneurship and thus that its loss can have a liberating effect, much as the death of an ancient redwood opens up space for new growth on the forest floor: “Pittsburgh was, at the time of the collapse of Big Steel, regarded as a hopeless case. What was the result in Pittsburgh? Pittsburgh became America’s most liveable city. Thousands of new machine shops and small businesses emerged” (Harper’s Magazine, 1996: 41).

Business involvement in the non-profit world has been criticized by some as a misuse of corporate resources (e.g., Friedman, 1970). Yet recent instances of corporate philanthropy indicate that it need not be driven by altruism or a sense of civic duty on the part of business. Phillip Morris launched a \$130 million advertising campaign to trumpet

the firm's various good works (e.g., providing fresh water to flood victims; supporting the arts). Cynics noted that the company's philanthropic budget of \$60 million was less than half the cost of the ad campaign, and speculated that the target audience for the ads was prospective jurors in tobacco liability trials. Citigroup's \$1 million donation to the 92<sup>nd</sup> Street YMCA in New York turned out, according to Citigroup's telecom analyst Jack Grubman, to be a payoff to get his kids into the Y's exclusive pre-school; he allegedly reciprocated by raising his rating on ATT so that Citigroup could get some of ATT's underwriting business. A series of articles in the *Washington Post* in May 2003 revealed that the Nature Conservancy's governing board was staffed with executives of some of America's worst polluters, who evidently traded donations of funds and property for endorsements from the non-profit environmental organization. Critics argued that corporations had effectively taken over the charity, which now lends its logo to advertisers for dozens of products including toilet cleaners, granola bars, and beef. Eleven of its directors or their firms have had financial transactions with the non-profit in the past five years (Ottaway and Stephens, 2003). And if corporate philanthropy is essentially a fixed pie (as in the 5% Club in Minneapolis-St. Paul), then funds used to support the projects of those with connections to top management are thereby *not* going to other philanthropic uses.

Our interviews with elites further clarified how the level of local corporations may not have the positive effect on localities that is commonly assumed. As in the Citigroup example, these respondents noted that community-based spending is primarily focused on things that benefit the corporations directly, and many respondents indicated that most of

the corporate funds go to the main arts and culture institutions in the city, whose leaders were socially connected to the corporate leaders. The use of philanthropy to enhance elite privilege is a well established argument in the literature on non-profits (e.g. Ostrander, 1984; DiMaggio and Anheier, 1990; Ostrower, 1995, 2002). Galaskiewicz and Rauschenbach (1989) for instance found that it was the more prestigious cultural institutions that received corporate funding. Similar to what we heard from our informants, in the *Annals of the American Academy of Political and Social Science* the former CEO of Chemical Bank, Donald Platten, details how the bank focuses on funding arts programs and one criterion for which programs to fund includes potential benefits to the bank (Platten, 1983). Thus, while the presence of locally-headquartered companies may lead to more giving, this giving may be oriented to promoting a better standard of living for the local elite, not to promoting general social welfare. One senior manager from a Fortune 500 retailer described:

A major commitment of ours is to the arts... we feel that our work with [the art museum] is just as important to the economic stability of a region as more direct giving.

Respondents asserted that arts' spending was useful, particularly in the corporate headquarters location because it helped create an attractive place to work for professionals and managers. In explaining why corporations concentrate their spending in certain areas, one respondent, a manager of philanthropy for a Fortune 500 manufacturer indicated:

Cultural things like the opera or art museum are important to our recruiting activities. A museum in Lincoln, Nebraska would not be key to our recruiting, so it is unlikely that we would support it.

Our expectations based on this discussion are, in short, more critical versions of the previous arguments highlighting the advantages of having local corporations. As opposed to civic infrastructure designed to benefit the overall population, we assert the potential of elites to fund charitable programs that disproportionately benefit themselves, and hypothesize that it is likely that local arts, cultural and other elite-oriented non-profits such as golf courses would benefit as opposed to non-profits that benefit the broader population.

- H2a: Greater local corporate density will increase the density of local elite-oriented non-profits.
- H2b: Greater local bank density will increase the density of local elite-oriented non-profits.

### **Elite Network Connectedness and Civic Infrastructure in US Communities**

It is not just the existence of businesses but the social organization of their leaders, and the links between business leaders and the non-profit community, that can shape community social capital. Cities vary substantially in how well-connected their corporate leaders are, reflecting long-standing local traditions around corporate governance (Kono et al., 1998; Marquis, 2003). Business leaders with memberships on more corporate boards and in elite social clubs are more prone to participating in local policy-related groups (Ratcliff, 1980). And corporate connections to non-profit organizations generated greater local charitable giving in the Minneapolis-St. Paul area (Galaskiewicz, 1997), and maintained the economic vitality of Allentown (Safford, 2004). This suggests that the density of elite social networks contributes to greater community participation.

Galaskiewicz's (1985, 1997) 20 year study of the network connections between Minneapolis-St. Paul corporations and non-profits is perhaps the best documented illustration of the importance of local network systems on civic infrastructure. As he described, a high degree of local connectivity encourages corporate giving and results in the creation of local institutions that maintain corporate involvement in civic infrastructure. Our respondents described that the tighter the ties between corporate elites and those directing non-profits in a community, the more likely those elites were to give money and time. Others have described how connections between non-profits and local corporations would directly lead to a greater level of corporate involvement since many non-profit boards have standard giving amounts for board members. For example, the arts museum in one local community has an implicit standard of a \$10,000 annual gift from all board members. Similarly, in a study detailing why the wealthy donate to charities, Ostrower (1995) found a strong connection between board memberships and giving, summarized in an oft quoted maxim among arts non-profit board members "give, get, or get off" (Ostrower, 2002: 66). This suggests that the density of connections between non-profits and corporations will have a positive influence on civic infrastructure, due to greater levels of corporate financial support.

Our interviews also suggested that denser connections between corporations and non-profits create a better spread of information which also leads to a greater likelihood that companies will support the local civic infrastructure. For example, the president of a local community foundation described how the primary role of the foundation was

connecting corporations to non-profits, and stated that the board of the foundation served as a mechanism to put executives in touch with places to donate funds and become involved. Similar to Galaskiewicz's (1985) argument, this respondent suggested that in many instances, companies face uncertainty on where to direct their philanthropic efforts and creating connections with non-profits is one way to encourage involvement. Within this community, the president of the foundation estimated that 80% of the allocations by corporate representatives on the community foundation board were to other board members' organizations. Further, it is clear that localities see connections between corporations and non-profits as important. As noted above, the local Chamber of Commerce in our community ran a non-profit board member development program for corporate executives with the explicit goal of placing executives on local non-profit boards.

Thus, based on our theory and qualitative findings, we predict that there would be a positive influence of elite network connectivity on local civic infrastructure:

- H3a: Greater network connectivity between local corporations and non-profits will increase the density of local community-oriented non-profits.

However, what appears as "social capital" for those on the inside can be "cronyism" for outsiders. The socially embedded relationships that bring benefits to some may systematically bar others from access. Perrucci and Piluski (1970) describe how inter-organizational leaders—the people who connect organizations through overlapping

memberships—exercised power in the town they studied. These core leaders had an unusually high level of value agreement and strong social ties, which enhanced their ability to exercise control—and presumably to exclude others. Floyd Hunter (1953) examined how well-organized elites in Atlanta exercised power over their community. Local land policy benefiting the elite began with an informal group of influential citizens, which then sold this program to the Chamber of Commerce and maintained control by choosing compliant leadership. Our previous discussion highlighted that cohesion may be good for a community; however, if the elite is too cohesive, the effects may be detrimental.

Our respondents also indicated that there was a danger in having an elite that was too cohesive, particularly in how elite involvement can crowd out the participation of non-elites. One retired executive and current board member of numerous Fortune 500 companies described how the elite networks in cities can have a “feudal character” and that, as a result, an oligarchy controlled local philanthropic activity. In contrast to Minneapolis-St. Paul, where separate institutions developed to connect corporations and non-profits (Galaskiewicz, 1997), this respondent indicated that when the elite is too cohesive, key connecting institutions do not develop:

Because it was such a feudal society, the whole idea of corporate philanthropy and responsibility did not become as broad-based and so a lot of the institutional structure that may have developed otherwise did not.

Some respondents also identified the historically oligarchic nature of communities with a manufacturing-oriented economy and two primary social classes: owners and laborers.

Because a small group of elites controlled local life, this bipolar class structure prevented the development of a middle class that typically provides volunteer labor for civic institutions. The dislocation of old industries and replacement by new may therefore promote the growth of a middle class. One respondent described this transition:

Now of course two of the largest industries are education and health care, which totally is dominated by a middle class of professionals. It has changed tremendously and over time when we lived there, the economic structure changed as the factories closed and HQs moved out and it became so focused on education and health care.

Other interviewees suggested that local power structures have a tendency to become entrenched and that corporate turnover helps “bring new blood” into community leadership. One respondent, the president of a major financial institution and board member of numerous Fortune 500 companies indicated:

In regard to the leadership issue, the void may be a good thing. It may give others the ability to step up and do the work. This type of thing could really help spread the leadership burden across more people.

In short, an overly cohesive elite may have a negative influence on a community’s civic infrastructure by limiting leadership opportunities and the number of philanthropic projects. Our expectations based on this discussion highlight the disadvantages of having a local elite that is connected too closely. A dense local elite structure connecting the business and non-profit community could, by this account, have a detrimental effect on the broader non-profit and civic sector.

- H3b: Greater network connectivity between local corporations and non-profits has a curvilinear relationship (inverted-U shape) with local community-oriented non-profits - there is a positive relationship up to a point, after which there is a negative relationship.

## **DATA AND METHODS**

### *Unit of Analysis and Sample*

We examine our hypotheses at the community level of analysis, which we define as US Office of Management and Budget Metropolitan Statistical Areas (MSAs). These are the most commonly used operationalizations of community and extend beyond the traditional political boundaries of a city to encompass the entire metropolitan region. The Census Bureau provides a definition of these areas as a “core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core” ([www.census.gov/population/www/estimates/aboutmetro.html](http://www.census.gov/population/www/estimates/aboutmetro.html)). For example, the Chicago MSA includes Cook County as well as eight other counties that surround it, which would capture companies headquartered in the greater Chicago area (e.g., Sears in Hoffman Estates, Abbott Laboratories in Abbott Park).

Because our theory and hypotheses relate to the density of corporate and bank headquarters and the degree of connection among their elites, we sampled all US communities above a minimum threshold of corporate density. We include the 62 communities with more than ten public corporations and major non-profit headquarters in 1986 and the same sample of communities in the late 1990s. “Public corporations” were those traded on either the New York Stock Exchange or the Nasdaq National Market, of which there were approximately 3400 in 1986 and 5600 in the late 1990s. We define “major non-profits” as those included in the 1987 Taft directory of non-profits and

having 1998 data available via the Guidestar ([www.guidestar.com](http://www.guidestar.com)) database. The Taft directory lists roughly 1150 major US non-profits in 1987, 660 of which were in the Guidestar database as of 1998.

### *Operationalization of Variables*

*Dependent Variables:* As discussed above, we focus on the essential element of community social capital, *civic infrastructure*. However, our fieldwork and previous theory and findings indicated that there was a difference between non-profit organizations that served elite interests—such as art museums, symphonies and golf clubs—and community-oriented non-profits such as food banks and human services agencies. Accordingly, we created dependent measures reflecting both *elite-oriented civic infrastructure* and *community-oriented civic infrastructure*. To measure these constructs, we obtained data on local non-profits from the National Center for Charitable Statistics (NCCS) at the Urban Institute. This organization has data on all non-profits with assets greater than \$10,000,000 from 1985 through 1998. The NCCS compiles data from IRS form 990 that all non-profits are required to submit annually. Our counts of non-profits in each category for each MSA came from the NCCS files for 1986 and 1998. To determine whether the non-profit was elite- or community-oriented, we examined and coded each organization type as classified by the NCCS' National Taxonomy of Exempt Entities (NTTE). The NTTE system divides non-profits into 26 major categories with several hundred subcategories. For each category and subcategory we classified the non-profit type as elite, community, or other. The *elite infrastructure* measure includes the categories of Arts, Culture and Humanities and Philanthropy; Recreation and Sports

subcategories such as Golf, Equestrian and Major Sporting Events; and Community Improvement related to Business and Industry such as Business Leagues and Boards of Trade. *Community infrastructure* includes Mental Health; Employment; Housing; Health Care; Public Safety; Youth Development; Human Services; Civil Rights; Public Benefit; Food and Nutrition subcategories that related to providing meals for homeless or homebound populations; and Recreation and Community Improvement subcategories with the exception of those listed under *elite infrastructure*. These were standardized by MSA population for 1990 and 2000 to yield variables measuring non-profits per million residents in 1986 and 1998. For 1998, the mean number of elite non-profits per one million residents was 5.4. San Francisco ranked highest (15 per million), while San Jose and Bergen/Passaic, New Jersey were lowest (less than one per million). For community non-profits in 1998, the mean was 20.3, with Stamford, Connecticut and Worcester, Massachusetts at the top and Fort Lauderdale and San Diego at the bottom.

### *Independent Variables*

Elite network connectedness. We use the standard social network measure of network density (the percentage of possible ties in a network that are actually observed) to operationalize how well-connected each community's elite network was. This measure is based on the interlock network created by shared directors among the boards of all locally-headquartered corporations listed on the New York Stock Exchange or Nasdaq, and the boards of all major non-profits, for each of our 62 MSAs (for a review of the interlock literature see Mizruchi 1996). The combination of corporation and non-profit boards resulted in a total of 30,620 directors associated with 3709 organizations in the US

in 1986. Corporate board of director data came from Compact Disclosure for 1986, while non-profit board data came from the Taft Directory for 1987. We used extensive computerized and manual data cleaning procedures to create a master US network dataset which was then segmented into 62 community-level network datasets consisting of ties among organizations headquartered within each MSA. The most densely-connected communities were Birmingham, Alabama (33%) and Portland, Oregon (29%). The least dense networks were observed in Ventura, California, and Fort Lauderdale, Florida (both zero). In order to assess curvilinear effects, we also included a quadratic term in the analyses. (For comparison purposes, we also collected data using the same sampling frame for 1998, at which point the US network included over 6,000 corporations and non-profits and nearly 50,000 directors.)

Corporate Density. For each community, we calculated the number of public corporation headquarters in 1986 and divided this by population in millions to standardize for community size. In 1986, the mean number of corporate headquarters per million residents was approximately 24. Stamford, Connecticut was an outlier with a value of over 100. Excluding Stamford, the data ranged from San Jose, California with 67, to Tampa, Florida, which had 8. There were no substantive changes in the final analyses when excluding Stamford, or logging this variable, so for completeness sake we left that observation in the sample.

Bank Density. We defined “banks” as all publicly-traded firms in SIC codes 6712 (Bank Holding Companies), 6011 (National Commercial Banks) and 6012 (State Chartered

Commercial Banks), and again operationalize density as the number of organizations per million residents. In 1986, the average was 2.1 per million residents ranging from a high in Des Moines, Iowa (8) to zero in several communities (Ventura, California; Rochester, New York; Stamford, Connecticut; Dayton, Ohio; and Worcester, Massachusetts).

### *Control Variables*

Early Establishment. Cities established early in the industrial era tend to have well-entrenched and self-reproducing intercorporate networks (Marquis, 2003) which could be advantageous to corporate involvement in non-profits (Galaskiewicz, 1997). We therefore control for the early business establishment in a community, operationalized as the log of the number of incorporated firms in 1905. This corresponds to the period of the rise of the large US firm (Chandler, 1977) and when the business elite in many US cities was established, and taps a potential difference between older and newer communities. These data are from the US Census of Manufacturers, 1905.

Socio-Economic Features of the MSAs. Because the density of non-profits may reflect the economic well being of the communities and their residents, we include two control variables that capture the general economic level of the communities as well as potential inequalities that may exist within the urban system. *Median per capita income* is the median individual income measured for the entire MSA. We used data from the 1990 census, which is the closest official measurement to 1986. Furthermore, because this median value may obscure the inequalities that exist within our MSAs, we also control for *city-suburb income disparity*. Costa and Kahn (2003) find that change in income

inequality was a leading indicator of declines in American social capital between 1952 and 1998. We operationalize this as the ratio of per capita income in a MSA's central city to the surrounding suburbs. The overall mean of *median per capita income* in 1990 was about \$34,000, with lowest communities being New Orleans, Louisiana and Tampa, Florida, and highest being Stamford, Connecticut and Nassau-Suffolk, New York. For the *city-suburb income disparity* measure, the most unequal communities were New York, New York and Detroit, Michigan, and the least unequal were Phoenix, Arizona and Charlotte, North Carolina. For three of our communities (Middlesex, New Jersey; Nassau-Suffolk, New York, and Bergen-Passaic, New Jersey) the Census did not make a distinction between a city center and suburbs. As a result, we assumed that there was not a dramatic income disparity between central and outlying areas and gave all the value of one.

We also controlled for two of Putnam's most plausible explanations for civic decline<sup>3</sup>. We measure Putnam's concept of *suburban sprawl* using population density, that is, the total population of the MSA divided by the total land of the MSA (measured as square miles). These data are from the US Census bureau for 1990. We also include a measure of *generational differences*. This measures potential differences in civic involvement between the pre-baby boom and the post-baby boom generations. We operationalized this variable as a ratio of those in the MSA born before 1946 to those born after 1964.

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<sup>3</sup> Putnam addresses four major explanations for civic decline in Bowling Alone (chapters 11-14). In addition to generational differences and suburban sprawl, he theorizes that the percentage of women who out of need and increasing use of TV as primary form of entertainment also lead to social capital decline. We were unable to locate reliable sources for these survey based measures for our 62 communities.

For 1990, the average is .88 indicating that these groups are almost equal in number, ranging from .51 (Salt Lake City, Utah) to 1.2 (Tampa, Florida).

### *Models*

We analyze our hypotheses with a lagged panel design using OLS regression. We have two panels of data, 1986 and 1998 and are interested in assessing the changes in the dependent variables between this period. To accomplish this we include dependent variables from period  $t$ , and as part of our models lagged dependent variables and independent variables from period  $t-k$  (Kessler and Greenberg, 1981), with period  $t$  being 1998, and period  $t-k$  being 1986. In these models the independent variables are interpreted as predictors of change in the dependent variable. For example, our regression equation for assessing the change in elite infrastructure between 1986 and 1998 is:

$$(Elite\ Infrastructure)_t = B_0 + (Elite\ Infrastructure)_{t-k} + (Network\ Connectedness)_{t-k} + (Corporate\ Density)_{t-k} + (Bank\ Density)_{t-k} + (Controls)_{t-k} + U$$

## **RESULTS**

Table 2 shows the descriptive statistics and correlation matrices for the variables in both the community infrastructure and elite infrastructure analyses. In the discussion of our results below, we initially report the results for community infrastructure, and then elite infrastructure.

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Insert Tables 2-4 about here

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Table 3 shows the results of the community infrastructure analyses. We present six models. Model 1 is a baseline containing the control variables: generational differences, suburban sprawl, early established community, and the community level economic indicators. Model 2 adds corporate density, model 3 includes the controls and bank density, model 4 includes the linear measure of network connectedness, and model 5 adds the quadratic network connectedness term. Finally model 6 is the full model. In the discussion of the results below, we focus on the full model.

Two main findings stand out from the community infrastructure analyses in Table 3. First, contrary to conventional wisdom, we find no statistically discernible influence of corporate (H1a) or bank (H1b) density on community-oriented civic infrastructure. Yet we do find a curvilinear relation between elite network connectedness and the density of non-profits (H3b). A better-connected elite increases the number of community non-profits over most of the observed range of network density. However, at the highest levels elite cohesion actually has a detrimental effect on local civic infrastructure, supporting Floyd Hunter's work as well as our qualitative evidence. The graph of this effect is shown in Figure 3. Note that the high point on the curve is approximately 17%, which represents roughly the 81<sup>st</sup> percentile of the communities in our sample. While elite network connectedness has a positive influence for most communities, after about 17% connectedness, it begins to have a negative effect.

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Insert Figure 3 about here

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Some of the other results also warrant discussion. As Putnam's work would suggest, generational differences—the ratio of those in the MSA born before 1946 to those born after 1964—was statistically significant, indicating that having a greater concentration of those born in the “greatest generation” has a positive influence on community infrastructure. We also found that median household income was positively related to increases in the level of community non-profits, indicating that more wealthy localities have a greater community infrastructure.

Table 4 shows the results of the elite infrastructure analyses. This replicates the community infrastructure analysis in terms of the variables and breakdown of the models. In these models, corporate density (H1b) was a strong and significant predictor of changes in the density of elite-oriented non-profits between 1986 and 1998. As our interview subjects suggested, elite-oriented non-profits that support corporate recruiting activities are the primary beneficiaries of the local corporate sector. We also found that the disparity in income between cities and suburbs within an MSA (measured as the ratio of city to suburban income) was negatively related to elite non-profits, further corroborating a critical perspective on community elites. These results suggest that increases in elite civic infrastructure were greatest where there was a greater corporate density and where there was the least income disparity between city and suburb.

Overall, these results highlight the differing influences on community-oriented and elite-oriented civic infrastructure in US communities. A wealthier population, a

preponderance of “greatest generation” members, and greater elite network connectedness (to a point) are the most important predictors of increases in community-oriented non-profits. For increases in elite-oriented civic infrastructure, these variables do not have an effect, but the density of corporate headquarters and local income inequality do.

## **DISCUSSION AND CONCLUSION**

Our findings provide support for taking an organizational approach to studying community social capital, and have indicated a potentially skeptical stance with regard to corporate and elite involvement in US communities. We find that dense connections among the governing boards of local non-profits and businesses promoted the growth of community-oriented non-profits, as Galaskiewicz would suggest; however, as Hunter’s study of Atlanta would suggest, too much cohesion has a negative impact. Furthermore, there were strong statistical effects of corporate density on elite-oriented infrastructure, but not on community infrastructure. And while our theory and qualitative data indicated that banks should play a special role in community social capital, our measure of bank presence had no effect, which perhaps reflects the changing role of banks during this period (Davis and Miruchi, 1999). These findings connect to earlier organizational analyses focused on how organizations “affect the privilege and disadvantage in society,” a topic Hinings and Greenwood (2000: 411) suggest has disappeared from organizational analyses in the 1980s and 1990s.

It does appear that for most communities in our sample, having a more connected elite leads to a greater level of civic infrastructure. As Galaskiewicz's (1997) work would suggest, for approximately 80% of the communities in our sample, the greater the level of connections, the greater the civic infrastructure. However, after a point, elite cohesion has a negative influence. As one of our subjects described it, a cohesive elite can result in a "feudal" society where it is only the upper crust that engages in civic activities. An example of this is Floyd Hunter's study of elites in Atlanta, where he describes the formation of a local organization to promote international trade (1953: 174): "We went into the meeting with a board of directors picked. The constitution was all written and the man who was to head the council was named, a third string man, a fellow who will take advice..." Furthermore, recent work on the influence of local elites in Youngstown, Ohio and Allentown, Pennsylvania (Safford, 2004) indicates that involvement and leadership of civic organizations in Youngstown is dominated by the same old families. Thus, while the Garden Club was the most central organization in the Youngstown social network, its position only served to amplify the status quo, not encourage change. And in highly stratified communities, such as Appalachia and the Mississippi Delta, "resources tend to be distributed through family ties and connections, reinforcing the privileges of the haves and the disadvantages of the have-nots" (Duncan, 2001: 61). As a result, elites continue giving to the same local charities, which has the effect of maintaining a small and limited number of philanthropic organizations.

Consistent with the large non-profit literature and community case studies on how philanthropy may actually be a vehicle to benefit elite interests (e.g. Ostrander, 1984;

DiMaggio and Anheier, 1990; Ostrower, 1995), many of those that benefit from corporate presence may be arts and culture organizations. As our interviewees indicated, business elites have compelling reasons to support local arts and educational organizations, as these contribute to the quality of their own lives and to businesses' ability to recruit managerial talent. This was supported by perhaps the strongest finding from our analyses. Corporate density was a consistent predictor of increases in elite non-profits, but had no detectable influence on the number of community-oriented non-profits. Consistent with prior research on the elite nature of non-profits (e.g. Ostrower, 1995), our subjects confessed, much of corporate philanthropy is oriented toward creating a better environment for elites, so perhaps we should not be surprised by these findings.

We see these results supporting a view of community social capital as centrally tied to the dynamics and social organization of the corporate sector. By focusing our analyses at the community level, we see both the limitations of the demographic and individually-oriented factors that Putnam highlighted, and the value of bringing local businesses into the conversation. From the perspective of corporations embedded in local communities, the cultural institutions that receive their support are those within driving distance of their own professional and managerial staff—firms headquartered in Orange County have little reason to support an art museum in Oakland. Moreover, our results are particularly relevant when contemplating the levers available to municipalities seeking to build their own “community social capital.” Having an installed base of interesting old buildings that can be turned into lofts might help attract member of the “creative class” (Florida, 2002), but the civic sector requires a more organizational approach.

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Table 1:  
Comparison of Selected Major California Communities on Civic Infrastructure Measures

	Community Civic Infrastructure*	Elite Civic Infrastructure*	Ratio of Community: Elite Infrastructure
Los Angeles, CA	13.2	3.2	4.1: 1
San Francisco, CA	28.9	15.0	1.9: 1
Oakland, CA	15.9	1.3	12.2: 1
San Diego, CA	7.1	2.8	2.5: 1
San Jose, CA	11.3	1.3	8.7: 1
Ventura, CA	9.3	1.3	7.2: 1
Orange County, CA	8.1	3.2	2.5: 1

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\* Measured as non-profit organizations per million residents

**Table 2:  
Descriptive Statistics and Correlations**

	Mean	S. D.	1	2	3	4	5	6	7	8	9	10	11	12
1 Elite Infrastructure/ Million 1998	5.417	3.634												
2 Elite Infrastructure / Million 1986	1.294	1.581	0.559											
3 Community Infrastructure / Million 1998	20.32	10.97	0.618	0.285										
4 Community Infrastructure / Million 1986	7.811	3.742	0.466	0.156	0.776									
5 Network Connectedness1986	9.860	8.088	0.048	-0.046	0.067	0.105								
6 (Network Connectedness) <sup>2</sup> 1986	161.6	224.6	-0.013	-0.123	0.021	0.090	0.942							
7 Banks/Million 1986	2.128	1.434	-0.093	-0.156	-0.080	-0.003	0.295	0.239						
8 Corporations/Million 1986	23.88	26.34	0.485	0.022	0.503	0.481	-0.262	-0.187	-0.179					
9 Early Established Community	4.316	2.087	0.315	0.190	0.318	0.390	0.152	0.086	0.145	0.010				
10 Median Household Income	34368	6918	0.125	-0.057	0.174	0.059	-0.564	-0.441	-0.313	0.586	-0.215			
11 City-Suburb Income Disparity	0.738	0.135	-0.444	-0.160	-0.384	-0.348	-0.227	-0.199	0.116	-0.138	-0.528	0.129		
12 Generational Differences	0.384	0.090	0.136	0.002	0.397	0.372	-0.014	0.008	-0.087	0.148	-0.046	-0.026	0.002	
13 Suburban Sprawl	1064	1704	-0.054	-0.021	0.016	0.065	-0.348	-0.264	-0.008	0.131	0.118	0.151	0.076	0.135

**Table 3: OLS Regression Results**  
**Predicting Changes in Community-oriented Civic Infrastructure**

	1	2	3	4	5	6
Network Connectedness 1986				0.091	0.901	0.925
				(0.140)	(0.381)*	(0.387)*
(Network Connectedness) <sup>2</sup> 1986					-0.028	-0.028
					(0.012)*	(0.012)*
Banks/Million 1986			0.06			-0.152
			(0.660)			(0.654)
Corporations/Million 1986		0.05				0.054
		(0.049)				(0.047)
Generational Differences	21.701	22.017	21.815	22.132	23.605	23.72
	(10.687)*	(10.684)*	(10.857)*	(10.763)*	(10.391)*	(10.514)*
Suburban Sprawl	-4.53E-04	-4.88E-04	-4.53E-04	-3.43E-04	-1.38E-05	-3.54E-05
	(5.28E-04)	(5.29E-04)	(5.33E-04)	(5.57E-04)	(5.56E-04)	(5.62E-04)
Early Established Community	0.229	0.305	0.221	0.249	0.079	0.177
	(0.536)	(0.541)	(0.547)	(0.540)	(0.525)	(0.540)
Median Household Income	2.88E-04	1.84E-04	2.92E-04	3.45E-04	4.65E-04	3.49E-04
	(1.32E-04)*	(1.65E-04)	(1.40E-04)*	(1.59E-04)*	(1.62E-04)**	(1.91E-04)+
City-Suburb Income Disparity	-13.021	-11.901	-13.203	-12.394	-13.519	-11.839
	(7.720)+	(7.790)	(8.045)	(7.821)	(7.552)+	(7.976)
Community Non-Profits/Million 1986	1.848	1.684	1.846	1.817	1.771	1.597
	(0.285)**	(0.326)**	(0.288)**	(0.290)**	(0.280)**	(0.322)**
Constant	-3.231	-0.828	-3.355	-6.676	-13.287	-10.77
	-9.528	-9.8	-9.711	-10.942	-10.937	-11.222
Observations	62	62	62	62	62	62
R-squared	0.67	0.67	0.67	0.67	0.7	0.71

All tests two tailed. Standard errors in parentheses. + significant at 5%; \* significant at 5%; \*\* significant at 1%

**Table 4: OLS Regression Results  
Predicting Changes in Elite-oriented Civic Infrastructure**

	7	8	9	10	11	12
Network Connectedness 1986				0.065	0.25	0.218
				(0.055)	(0.156)	(0.137)
(Network Connectedness) <sup>2</sup> 1986					-0.006	-0.006
					(0.005)	(0.004)
Banks/Million 1986			0.290			0.148
			(0.265)			(0.234)
Corporations/Million 1986		0.066				0.064
		(0.015)**				(0.015)**
Generational Differences	6.376	3.276	6.759	6.318	6.497	3.689
	(3.830)	(3.372)	(3.839)+	(3.816)	(3.798)+	(3.376)
Suburban Sprawl	-1.91E-04	-2.17E-04	-1.91E-04	-1.09E-04	-3.71E-05	-9.48E-05
	(2.11E-04)	(1.82E-04)	(2.10E-04)	(2.21E-04)	(2.27E-04)	(1.98E-04)
Early Established Community	0.204	0.169	0.155	0.2	0.16	0.104
	(0.203)	(0.175)	(0.207)	(0.202)	(0.203)	(0.180)
Median Household Income	1.25E-04	-3.05E-05	1.43E-04	1.63E-04	1.88E-04	3.14E-05
	(5.15E-05)*	(5.63E-05)	(5.41E-05)*	(6.08E-05)**	(6.36E-05)**	(6.70E-05)
City-Suburb Income Disparity	-8.819	-6.317	-9.611	-8.231	-8.51	-6.682
	(3.035)**	(2.675)*	(3.115)**	(3.065)**	(3.056)**	(2.794)*
Elite Non-profits/Million 1986	1.139	1.118	1.185	1.174	1.119	1.113
	(0.221)**	(0.190)**	(0.224)**	(0.222)**	(0.225)**	(0.198)**
Constant	3.043	6.359	2.384	0.546	-0.795	3.069
	-3.816	(3.371)+	-3.857	-4.351	-4.455	-3.96
Observations	62	62	62	62	62	62
R-squared	0.51	0.65	0.53	0.53	0.54	0.67

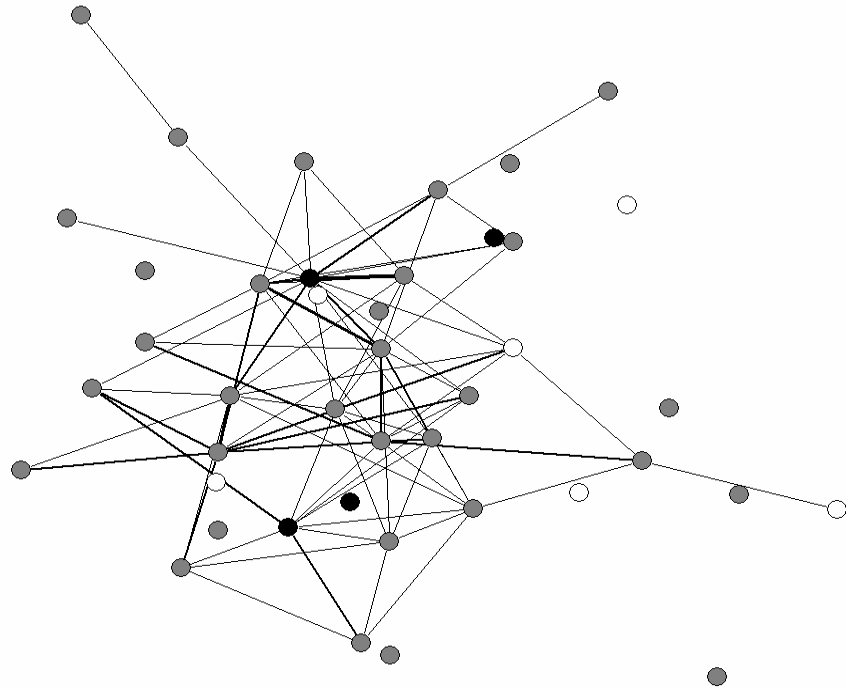
All tests two tailed. Standard errors in parentheses. + significant at 5%; \* significant at 5%; \*\* significant at 1%

**Table 5: Background on Interviewees**

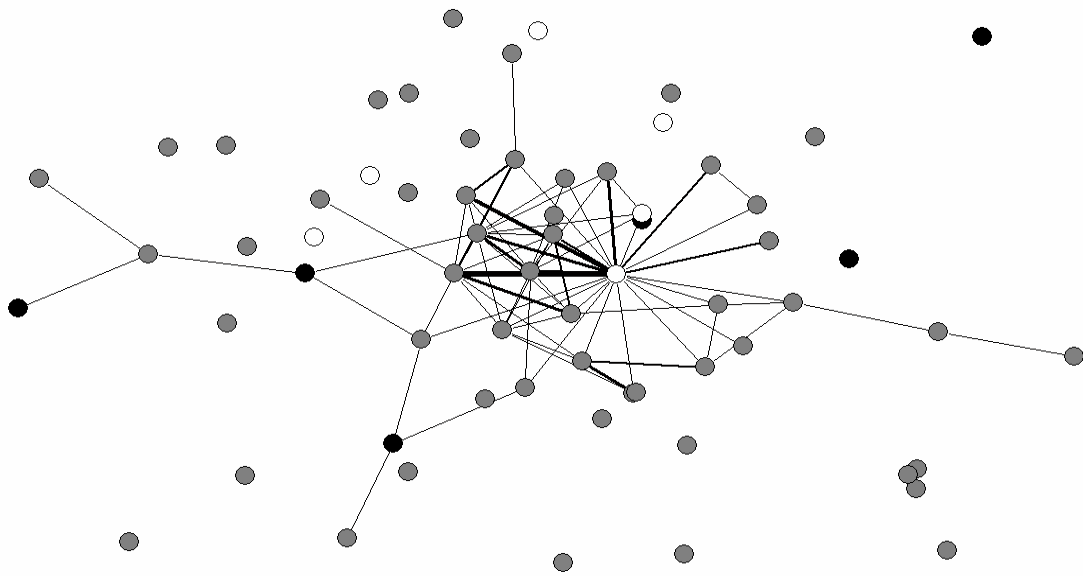
Subject #	Corporate Executive	Corporate Board	Non-Profit Executive	Non-Profit Board	Government	Education
1		X	X	X		X
2	X	X	X	X		X
4	X	X	X	X	X	X
3			X	X		
5	X			X		
6			X	X		
7	X			X		
8	X			X		
9	X	X	X	X		
10	X			X		X
11			X	X		
12	X		X	X		
13		X	X	X	X	
14	X	X		X		
15			X	X	X	
16				X		X
17	X	X		X		
18			X	X		
19			X	X		

**Figure 1: Corporate and Non-profit Social Networks in St. Louis, 1986 & 1998**

1986: 42 Organizations, Network Connectedness: 18.6%



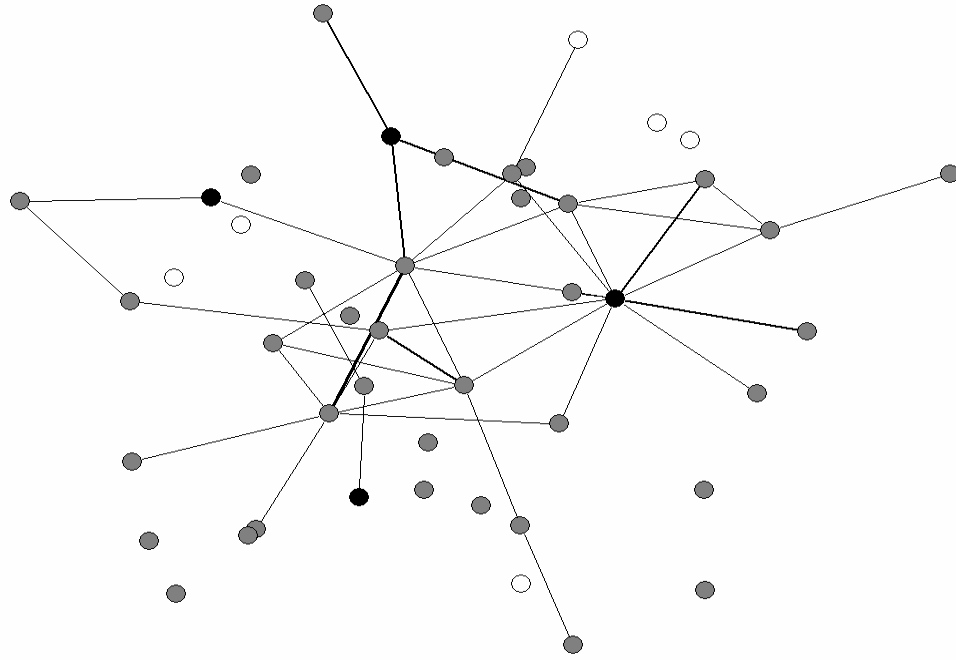
1998: 65 Organizations, Network Connectedness: 7.1%



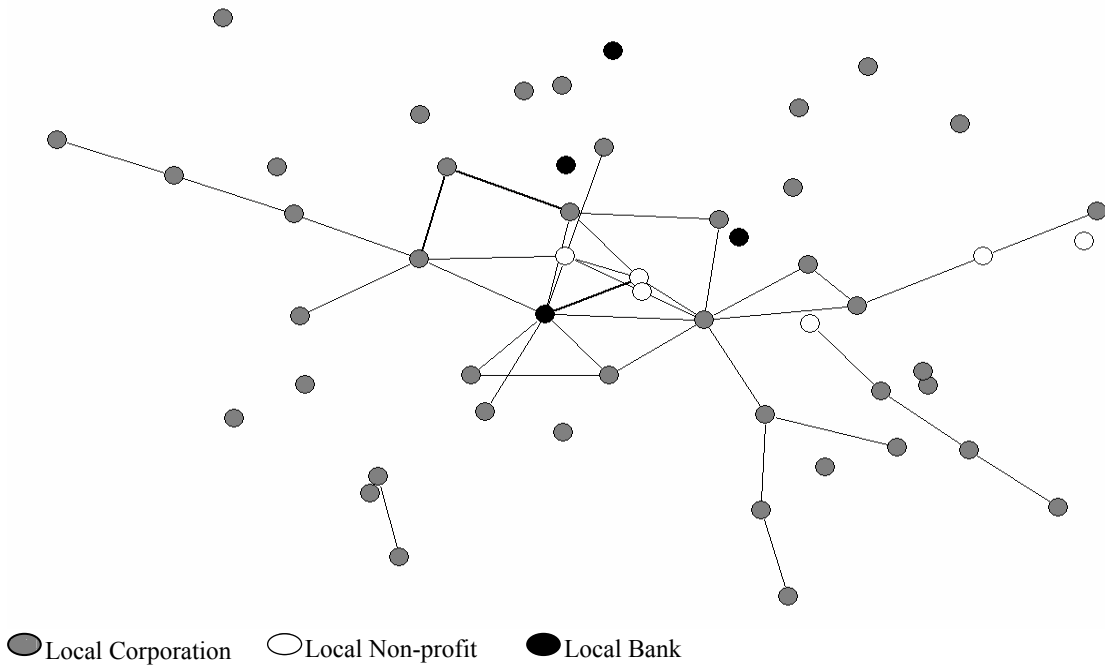
● Local Corporation    ○ Local Non-profit    ● Local Bank

**Figure 2: Corporate and Non-profit Social Networks in Detroit, 1986 & 1998**

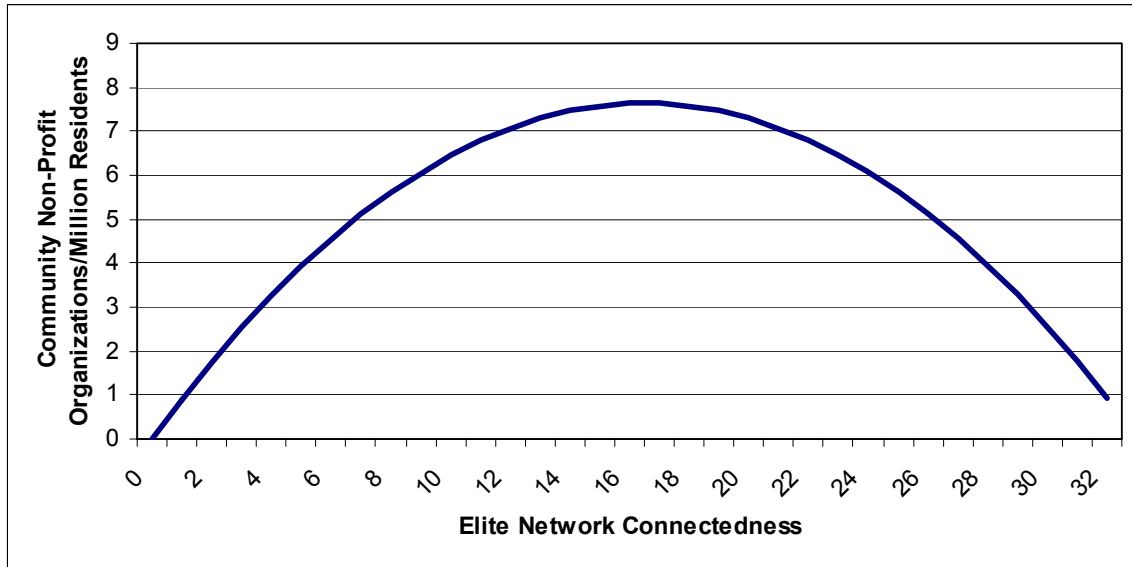
1986: 46 Organizations, Network Connectedness: 7.7%



1998: 51 Organizations, Network Connectedness: 6.2%



**Figure 3:**  
**Relationship Between Community Infrastructure and**  
**Elite Network Connectedness**



## APPENDIX A: QUALITATIVE METHODS AND ANALYSIS

We conducted fieldwork in a one of the ten largest US metropolitan areas, and also a smaller community on the periphery of this metropolitan area to understand the extent of corporate involvement in their communities, the connectedness between corporations and the non-profit community, and the influence of corporate dislocation on community success. The goal of this fieldwork was to understand the influence of corporate action, and how the elite as a cohesive social class serve to benefit or restrict the broader society.

We interviewed 19 urban elites from a broad array of backgrounds, including corporate and non-profit management, government and academics. Table 5 describes the background of each subject. Because our primary interest is in corporate and non-profit cohesion within communities, our sample selection was a non-random process. First, it was important to identify individuals who contributed to local cohesion, so we examined the boards of directors of local corporations, boards of major non-profits, and looked for individuals who had significant overlap of these two communities. Because this group is busy and notoriously difficult to gain access, we started with sources that met the description above, and had an academic background (a Ph.D. or teaching or administrative experience at a major university). We began with this group because we felt that they would understand the research process, and there would be a greater chance that they would agree to be interviewed. In many cases, these individuals provided referrals for us to contact about our topic. Also, we directly contacted the directors of the corporate foundations of the major corporations within this community and requested an interview about their opinions on our topic and to talk specifically about their corporate

giving program. We contacted all subjects via email, described our project and requested a one-hour meeting. Because of the difficulty of gaining access to this group, we do not think it would have been possible to collect this data by a random process.

We were able to interview 19 people and the general background of each is summarized in Table 5. The titles and responsibilities of the people we interviewed also varied. Of the 19 people we interviewed, 9 held the title of president or CEO of their organization. Others however, particularly for the largest organizations, were the corporate level manager of philanthropic programs, who in some cases was also president of the corporate foundation. The size of organizations that these individual represented ranged from one of the ten largest corporations in America to non-profits with annual budgets around one million. Eight of the respondents represented Fortune 500 corporations.

The lengths of our interviews were on average 45-50 minutes with the shortest 30 minutes, and longest 1:30. Because standard business meetings are 1 hour and the people we are interviewing are busy, we felt that requesting a meeting of longer than 1 hour would greatly decrease the likelihood of people agreeing to meet. Because of the focused nature of our topic, we felt that this was enough time to collect the data we are interested in.

Fourteen of the respondents agreed to have the interview recorded and 5 preferred to not have the interview recorded. We felt that at the outset of the interview that it was important to establish rapport, so, we only asked them about being recorded once, and if they expressed any hesitation about being recorded, we dropped the subject. These are prominent individuals, and the topic is potentially sensitive, and we felt that any

“pushiness” on our part would result in less candor on the subjects’ part. One subject for instance said, “I don’t want to wake up tomorrow and find myself quoted in the *New York Times* or anything, not that that has never happened before.” In all cases, we took extensive field notes during the interview and wrote them up as soon as possible following the interview. In most cases this was immediately following the interview and in all cases within 48 hours after the interview. Our field notes for each interview average approximately 5 pages, single-spaced twelve-point font.

Our questions were designed to be open ended, and general to get the subject talking about the issue. Our general interview schedule follows. In almost all cases, we asked follow-up questions, such as, “could you give me a specific example of that?” or “how does your organization deal with that issue,” etc.

Data analysis was a multi-step procedure. Initially, in order to gain an understanding of the data as a whole, once we completed all the interviews, we read through all of the notes to gain a general overview of the respondents and identify themes in the data. We worked both with theory and the data to better understand the processes and mechanisms that lead to differing arguments on the cohesion and critical perspectives. Once we had identified the important and significant themes in the data, we created a coding scheme to capture and sort the data. We then read through the notes again and pulled out all of the important statements and quotes that supported the themes that we identified. It is important to note, that because of the difference between spoken English and written English, these passages were edited to increase readability. Once we had identified all of

the quotes for codes, we then began further sorting and refinement of the argument and identification of the specific mechanisms that under gird the cohesion or critical perspectives.

## Interview Guide

- 1) Can you tell me some general information about yourself, where you have worked, positions you have held, etc?
- 2) In your opinion, what do you think the role of corporations in community development should be? What responsibilities do corporations have to their communities?
- 3) Of the people who are in managers/directors, like yourself, do you think that community development is an important goal? (Do they think the same as you, and if not, what do they think?)
- 4) How connected are corporations and non-profits in your city, in your experience? Do you think that this connection helps community development? (E.g. common boards, clubs, events)
- 5) Do you think that community development requires the strong presence of organizational actors such as non-profits/corporations? Can you think of any examples of non-profits/corporations directly playing a role in community development?
- 6) What role do you think that the local governments and individuals should play?
- 7) What happens when a corporation leaves a city, either through merger or moving their headquarters? (Are they more likely to take production facilities, less local spending, etc?)
- 8) Are there any positives from corporations leaving a community?
- 9) What factors do you take into consideration when inviting someone to serve on a board of directors?
- 10) Can you think of any other information that may be helpful for me? Can you think of anyone else I should talk to about this topic?