

## Spiraling-Up: Mapping Community Transformation with Community Capitals Framework

Mary Emery and Cornelia Flora

---

*This paper uses the Community Capitals Framework (CCF) to look at community change from a systems perspective. We find that social capital—both bonding and bridging—is the critical resource that reversed the downward spiral of loss to an upward spiral of hope—a process we call “spiraling-up.” Focusing on the example of a change process implemented in Nebraska, HomeTown Competitiveness, we delineate the assets invested, created, and expanded by the project. We also apply the CCF to understanding the flow among the capitals and the impact of this flow on community capacity to initiate and sustain a process of change, particularly in building social capital.*

---

**Keywords:** social capital, Community Capitals Framework, spiraling-up, rural development

Social capital is a critical community characteristic. It can influence, as well as be influenced by, the stock and flows of other capitals. By examining the interaction among community capitals, as well as the investment from the outside in different capitals, we can better understand the critical role of social capital. By analyzing one case of such investments in the context of creating a new system of positive community change, we illustrate how identifying community capitals and strategically increasing capitals stocks resulted in a spiraling up of those capitals as they begin building on one another. We apply the Community Capitals Framework (CCF) to analyze a comprehensive community development effort, the HomeTown Competitiveness program. Using field data and interviews, we follow how capital investments were made and with what results.

In July 2001, the National Rural Funders Collaborative (NRFC) widely distributed a call for collaborative strategic proposals to “reverse patterns of neglect and disinvestments in rural America.” The NRFC asked for collaborations of regional funders and at least two organizations or agencies to develop place-based strategies (as opposed to an individually-oriented program) to reduce poverty in a specific rural region.

The possibility of garnering \$750,000 over a three-year period, coupled with increased concern for declines in rural population on the part of the state of Nebraska, brought together three Nebraska-based not-for-profits to initiate formally HomeTown Competitiveness (HTC). Members of HTC focused on an integrated strategic approach to reverse the population and per-capita income decline in rural communities on the Great Plains. Thus, they combined the strengths of the three groups: leadership development (Heartland

---

Mary Emery is the Associate Director of the North Central Regional Center for Rural Development. She can be reached at 107 Curtiss Hall, Iowa State University, Ames, IA 50011. Phone: (515) 294-2878, E-mail: memery@iastate.edu. Cornelia Butler Flora is a Charles F. Curtiss Distinguished Professor of Agriculture and Sociology and the Director of the North Central Regional Center for Rural Development. She can be reached at 108 Curtiss Hall, Iowa State University, Ames, IA 50011. Phone: (515) 294-1329, E-mail: cflora@iastate.edu. The authors would like to thank the Editors for their help with this manuscript.

Center for Community Leadership Development), entrepreneurship development (RUPRI Center for Rural Entrepreneurship), and community foundations (Nebraska Community Foundation). Their focus on stemming youth out-migration meant that they looked for ways to include youth in each of these groups.

The three organizations had already created place-based strategies, and the leaders of all three groups had roots in rural Nebraska. The leaders of the organizations had worked together informally and formally in different capacities for many years, and the mission statements of the three organizations were compatible. They were well connected in the state and the nation, having achieved individual reputations for effectiveness and integrity. The newly formed HTC thus had high levels of both bonding and bridging social capital as they began to implement the integrated strategy (Emery, 2003).

HTC was one of five collaboratives awarded a \$50,000 learning partner grant in 2002, which was renewed for another year at \$50,000 in 2003. The second grant allowed HTC to devote time and resources to support collaborative development and to integrate its separate strands: philanthropy to support entrepreneurship through strong local leadership. HTC formalized its four-part strategy: (1) to increase philanthropy by directing rural wealth transfers to community foundations; (2) to retain youth in the community by including them in leadership, philanthropy, and entrepreneurship; (3) to increase leadership capacity through inclusive leadership development; and (4) to strengthen local economies by identifying and building on local assets, particularly through intergeneration business continuity and innovative business opportunities.

The NRFC used the Community Capitals Framework (CCF) as an analytical tool to determine the effectiveness of its investments in addressing structural conditions of rural poverty via capacity-building, leading to increased assets for rural families and communities, the transformation of rural leadership through expanded and inclusive leadership pools, and increased opportunities for families to attain self sufficiency. The NRFC used the CCF to analyze how community capitals were used in the transformative strategy.

We looked at HTC's approach by using the CCF to document how the strategy in one community reversed the spiral of decline that has gripped many rural communities. Decline in financial capital may trigger the downward spiral. The loss of an industry or various firms in a particular region makes it more difficult to mobilize political capital, which stimulates additional losses in human and social capitals in a vicious cycle of despair. The HTC approach sought to reverse this spiral through a series of public and private interventions we call "spiraling-up." In this paper, we analyze one of the first communities, Valley County, Nebraska, in which HTC officially worked to show the degree to which HTC's integrated, collaborative strategy effectively and systematically increased all the community capitals in a mutually-reinforcing spiral of community development. Through this spiraling up process, we identify critical investments in social capital as the entry point for community change.

## **Community Capitals Framework**

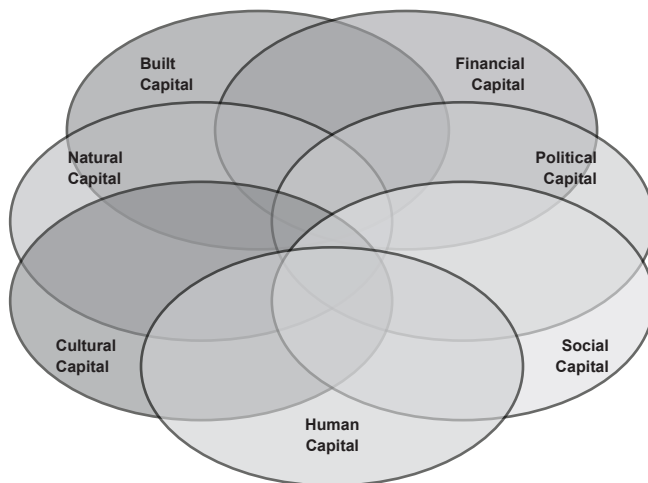
The Community Capitals Framework (CCF) offers a way to analyze community and economic development efforts from a systems perspective by identifying the assets in each capital (stock), the types of capital invested (flow), the interaction among the capitals, and the resulting impacts across capitals. The NRFC analysis includes indicators of seven different components of community capital: natural, cultural, human, social, political, financial, and built capitals. The NRFC chose this approach because of its emphasis on assets (rather than needs or deficits) and its focus on investments (see Figure 1).

1. Natural capital refers to those assets that abide in a particular location, including weather, geographic isolation, natural resources, amenities, and natural beauty.

- Natural capital shapes the cultural capital connected to place (Pretty, 1998; Constanza, et al., 1997).
2. Cultural capital reflects the way people “know the world” and how they act within it, as well as their traditions and language. Cultural capital influences what voices are heard and listened to, which voices have influence in what areas, and how creativity, innovation, and influence emerge and are nurtured. Hegemony privileges the cultural capital of dominant groups (Bourdieu, 1986; Flora et al., 2004; Bebbington, 1999).
  3. Human capital is understood to include the skills and abilities of people to develop and enhance their resources and to access outside resources and bodies of knowledge in order to increase their understanding, identify promising practices, and to access data for community-building. Human capital addresses the leadership’s ability to “lead across differences,” to focus on assets, to be inclusive and participatory, and to act proactively in shaping the future of the community or group (Becker, 1964; Flora et al., 2004).
  4. Social capital reflects the connections among people and organizations or the social “glue” to make things, positive or negative, happen. Bonding social capital refers to those close redundant ties that build community cohesion. Bridging social capital involves loose ties that bridge among organizations and communities (Narayan, 1999; Granovetter, 1973 & 1985). A specific configuration of social capital—entrepreneurial social capital (ESI)—is related to community economic development (Flora & Flora, 1993; Flora et al., 1997). ESI includes inclusive internal and external networks, local mobilization of resources, and willingness to consider alternative ways of reaching goals.
  5. Political capital reflects access to power, organizations, connection to resources and power brokers (Flora et al., 2004). Political capital also refers to the ability of people to find their own voice and to engage in actions that contribute to the well being of their community (Aigner et al., 2001).
  6. Financial capital refers to the financial resources available to invest in community capacity-building, to underwrite the development of businesses, to support civic and social entrepreneurship, and to accumulate wealth for future community development (Lorenz, 1999).
  7. Built capital, finally, includes the infrastructure supporting these activities (Flora et al., 2004).

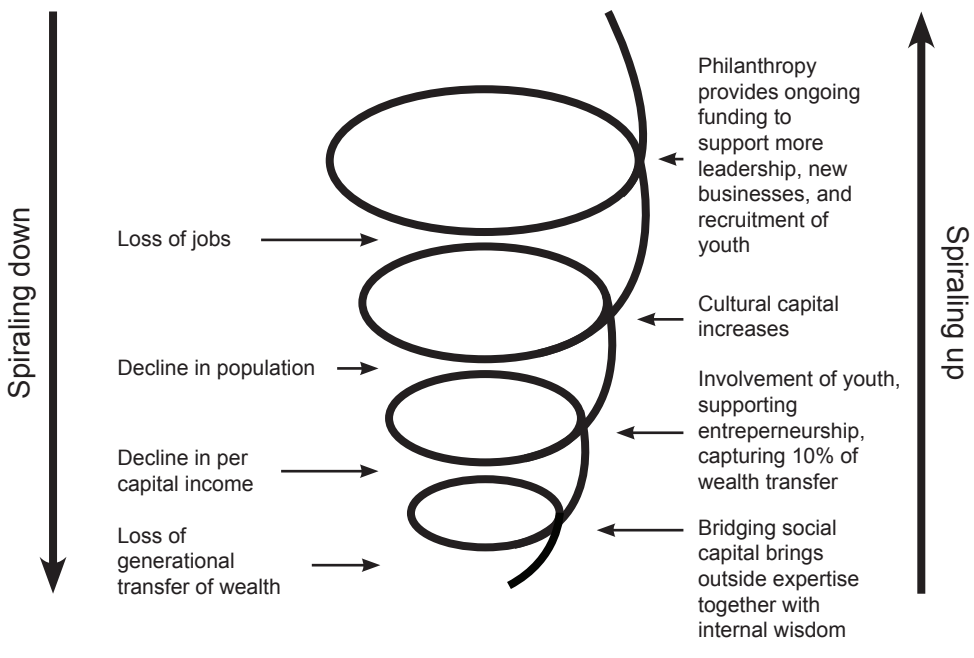
**Figure 1. Community Capitals**

---



In applying the CCF to HTC, we thought to demonstrate increased capacity by showing that a project’s strategies invested assets from vital areas (human, social, and financial capital) resulting in increased assets among those capitals as well as others. Others using the CCF had determined that the increase in specific assets, while helpful to the community, might not have an impact on overall capacity. Guiterrez-Montez (2005) found that the flow of assets across capitals—that is, human capital invested in a project leading to increases in the stock of assets in financial, political, cultural, and social capital—can initiate an ongoing process of assets building on assets, leading to the effect of an upward spiral. Or, as many have observed, “success builds on success.” Our study of HTC in Valley County provides additional support for the notion that capacity cannot be measured merely by increases in stocks of assets within the specific capitals, but requires an increase in the flow of assets that build stock in additional capitals. As we mapped the strategies connected to HTC, we observed examples of processes and strategies that led to increases in assets across the capitals (see Figure 2).

**Figure 2. The Spiraling of Capital Assets**



In the spiral-down period, the community declined in all capitals, resulting in a loss of hope and direction. Both human capital and financial capital decreased, as fewer people were able to make a living on increasingly large farms. Young people left the county, decreasing social capital and creating a culture of despair and resignation. Political capital was reduced to reliance on commodity programs and lobbying through farm organizations for increased price supports. The infrastructure deteriorated. This situation corresponds to the theory of *cumulative causation*. Gunnar Myrdal (1957) formulated this theory that states: “The place that loses assets, for whatever reason, will continue to lose them through system effects.” Additionally, the place that, for whatever reason, gains assets will attract other assets, which helps explain why there is an increasing inequality that is place-based.

“Spiraling-up” represents a process by which assets gained increase the likelihood that other assets will also be gained (Gutierrez, 2005). In our model using community

capitals, as one capital is increased, it is easier for increases, instead of declines, in the other community capitals to occur. However, the usual rural development strategy of beginning with infusions of financial capital or built capital is often not cumulative. Spiraling-up reverses declines in assets through a similar *cumulative causation* process in which asset growth becomes a self-reinforcing cycle of increasing opportunity and community well being. Our research looked at the spiraling-up period, and how cumulative causation helped to explain how increase in one capital can lead to increases in the others. Our contention is that the best entry point to spiraling-up is social capital.

## METHODOLOGY

We collected data to analyze community capitals based on interviews with community leaders in 2003 and 2004, with HTC partners in 2003 and 2004, from project partner Websites and reports, and from participant observations in July 2003. In addition, project partners reviewed an earlier version of this paper and provided feedback.

In 2000, Valley County, Nebraska, had a population of 4,647, a 10% decline since 1990. Ord, the county seat and commercial center, had a 2000 population of 2,269. Typical of rural counties in the Great Plains, the population was aging rapidly, with high out-migration of young people.

Valley County's labor force of 2,440, according to 2002 state employment reports, experienced only a 2.6% unemployment rate, masking a serious problem of underemployment. The county, however, was also home to high number of self-employed people and small business owners, including ranchers, farmers, and shopkeepers. Manufacturing was limited, and government, both medical and educational, was—and continues to be—among the largest employers.

In the late 1990s, the County Commission passed a resolution to fund the Valley County Economic Development Council (VCEDC) and to hire a professional staff person to manage its efforts and to staff the Chamber. Determination, good intentions, and money, however, were not enough to turn around decades of decline. The leadership of Valley County realized they needed help to identify how best to use their limited resources for the most strategic outcomes. When offered the invitation to join the Collaborative funded by the National Rural Funders Collaborative (NRFC) and to implement HTC's integrated strategy, they welcomed the opportunity. Since 2002, the newly-created collaborative of community and economic development practitioners and leaders in Valley County (HTC team) has worked together proactively to shape a future that not only mitigates the effects of their current economic situation, but also reaches out to reshape a "landscape of loss" (Nothdruff, 2002) into one of "opportunity" compatible with the region's assets.

### Implementing HTC in Valley County, Nebraska

The HTC approach began with an assessment process developed in cooperation with community leaders. Recognizing the dearth of local resources available to rural communities, the collaborative worked with community leaders to identify specifically targeted strategies that emerged from the assessment process related to leadership development, entrepreneurship, youth, and wealth transfer. When undertaken in unison, the strategies created an upward spiral of growing assets across capitals that reversed the downward spiral of declining assets found in many distressed rural community. This approach required commitment to an intentional and focused use of scarce resources that became strategic in the force, depth, and breadth of their impact as indicated by changes in the various capitals. The place-based focus of the approach allowed each community to choose the strategies that best utilized their strengths (investing their assets) in addressing opportunities to transform their landscape into opportunity.

Community leaders focused on the flight of young people, agreeing that it was not just the call of the city that compelled them to migrate; it is also the lack of opportunity that drove them away. The Center for Rural Entrepreneurship developed a formula that advocates how small towns can design efforts to halt this trend. Using existing data on population change, Valley County calculated that it needed to retain or encourage the return of three high school graduates per year to stop the overall population decline, a realistic target for action (Emery et al., 2004).

Based on this assessment, community leaders decided on several strategies. To mobilize community members to work for a new future, they began a leadership development program that included students from the high school and created task forces around each of the main strategies. Although Valley County had a small group of dedicated residents committed to “making a difference,” all agreed that leadership development was their greatest challenge. Two years into the project, interviews with important leaders indicated that they still identified leadership as the most critical element for success (Emery, 2003). Working to increase the number of people committed to building a new future for Valley County, as well as their skills to do so effectively, was the cornerstone upon which other strategies depended.

Each of the three strategies used in Valley County included a “youth” component. The local HTC leadership team looked for opportunities to include young people; the local HTC entrepreneurship team found ways to help young people gain experience as entrepreneurs and to see entrepreneurship as a viable choice for a career; and the local HTC wealth transfer team recruited youth volunteers. Local leaders, however, saw a further need to develop a youth team to coordinate the youth-related activities and to launch a “youth initiative.” This team worked on strategies to attract young professionals to the community to work in expanding businesses or to take over firms whose owners were ready to retire.

Using data developed on the wealth transfer predicted in Valley County, the Nebraska Community Foundation developed a reasonable target for capturing 5% of this transferred wealth, or \$6,470,000 between 2002 and 2010, into a community foundation capable of funding future community and economic development efforts (Nebraska Community Foundation, 2004).

Finally, many rural communities invested resources in economic development, but lacked a strategic plan for investing those resources to create viable employment opportunities and to develop businesses. Using strategies developed by the Center for Rural Entrepreneurship<sup>1</sup> and the results of a business survey, the VCEDC directed its energies to support two specific groups: (1) the inter-generational transfer of small businesses, particularly those on Main Street and (2) companies with the potential to “break-through” to a broader product line or a larger market and to grow new jobs rapidly. Prior to this intervention, the VCEDC had a strategic plan detailing over 20 specific economic development goals, but it lacked a method to determine the value of its investment in any one goal.

Together, these strategies provided VCEDC with specific attainable goals allowing it to target its scarce resources for maximum effect. Its leaders felt that together, these strategies addressed the root causes of rural decline and offered the community a way to work toward a healthy and sustainable future.

## **Implementing HTC in Valley County: Strategy Implementation and Results**

The HTC strategy had found fertile ground in Valley County. Previously, Valley County had passed a local option tax that committed resources and personnel to create new jobs and protect existing businesses. Earlier, the Nebraska Community Foundation had begun work in the area by forming the Valley County Foundation Fund. These efforts, together with the following readiness factors (Emery, 2003), created an environment ready

for change. Leaders knew things had to change. Outside agencies coached local advocates on the threats and possibilities. Participants worked to set up “wealth capture” options and to identify internal resources to aid in that change

## **Community Capitals Stocks and Flows**

In her study of the effect of forest fires on community assets, Gutierrez-Montes (2005) found that the downward spiral of decreasing assets within the community had an accumulative effect. The fire destroyed the environment, which led to decreased employment, which led to poverty and health problems, which began the destruction of cultural and social capital within the community, which led to a decline in maintaining roads and other infrastructure, etc. The downward spiral was reversed when the local people and outside consultants came together as equals to combine their knowledge and change the direction of the spiral. The resultant actions led to an upward spiral of increasing assets across the capitals. Social capital played a similar role in the HTC project—bridging social capital facilitated mobilizing resources that increased the stocks of other capitals.

We analyzed how each of the three HTC projects, which consisted of flows of capital through holistic community capacity-building, contributed to increased stocks of community capitals in Valley County. The changes in community capital that we measured qualitatively and quantitatively were systematically sorted into the appropriate community capital, and we found that each of the three projects contributed to the spiraling up of community assets, and that the three projects not only stimulated the other projects, but also reinforced them as well.

### *Leadership and capacity building*

Using a common process for community leadership development, the local HTC team set up an eight-month program. Sixteen people, including four high school students, reserved one day each month to participate in a program to increase skills, create awareness of leadership opportunities, and expand their understanding of the County.

A second and third class was also well attended and generated similar evaluation results. The local leadership team worked to coordinate activities and information among community groups and to recognize the role of volunteers and local leaders (Emery, 2004b).

We found that community leaders invested their assets in social capital, both bonding and bridging to recruit students and access human capital resources for instruction. They invested local and partner assets in human and financial capital to offer the course. These investments led not only to increases in the capitals invested, but also to other capitals, thus contributing to the spiraling-up process. Of particular importance, we saw changes in cultural capital regarding community norms and values about participating in the community and supporting local leaders. We observed the beginning of new assets in political capital as interviewees reported that people outside the traditional leadership structure were finding a voice in community affairs.

Leadership development and capacity-building undergirded the integrated HTC strategy. Without changes in the traditional leadership structure and actors, the community could not have mobilized citizens to support changes. The collaborative partners provided technical assistance and coaching that encouraged 35 people to graduate from two leadership classes. Buoyed by this success, the leadership team promised to offer the class each year. They will increase the value of the program each year as they learn from their experiences. The team was dedicated to long-term development of community human capital. The involvement and support of youth was particularly important to the team’s sense of accomplishment. The leadership team reported that more people increased their involvement in community groups, and the leadership core expanded somewhat to include new voices.

The impacts these leaders hoped to see in the future included developing a supportive culture in which leaders no longer risk their businesses by running for office and in which many people from different walks of life participate in leadership roles. The leaders are working with the Nebraska Community Foundation to look at ways the Foundation can support diversified leadership development through scholarships. Already, the community supported the involvement of more youth and adult-to-youth interaction. Leaders have also increased their ability to interact with state and local government agencies, as well as with other agencies connected to their issues.

The experience in Valley County has changed the behaviors of some institutions whose management saw how local leaders succeeded in turning around long-term decline. For example, officials of the utility companies now provide financial resources to support the HTC program in Valley County and in other locations as well. The leadership team saw an emerging outcome of the project in that more community members understand that each person can make a difference and a contribution to positive community change. By building on their own history, the team hoped to nurture a culture of working together for the good of the whole community. Indeed, the local leaders realized that the community was working to overcome historical conflicts that prevented successful community capacity-building in the past.

Local leaders recognized that more people were willing to run for office and participate as leaders in the community. In the 2004 election, all offices had at least two candidates running, in contrast to previous elections when recruiting just one candidate to run for office was difficult. The experience in Valley County changed how people think about its leaders, what they do, and how they do it. The leaders are making progress in including all groups in the community, so all have a voice. A big success for them was the willingness of a woman to run for county office. Finally, the ultimate success of this effort will be evident in the long-term ability of local teams to generate and encourage the recruitment of new leaders and increase participation within the community leadership over the next decade.

### *Capturing funds from the transfer of wealth*

HTC organized training for financial managers and attorneys to help people understand the options available for estate planning. In addition, collaborating agencies coached the community on revitalizing the community foundation, recruiting volunteers beginning a massive effort to promote community awareness. They attained their 5% goal in 2004, and set a goal of capturing 10% of calculated transfer of wealth by 2010.

The primary inputs to the strategy to capture 5% of the wealth transfer involved increasing the human capital of financial planners, attorneys, and real estate professionals to develop and to enhance skills in charitable giving. In addition, the human capital of the local foundation increased when members received training and coaching on how to ask for gifts and how to make giving back to the community an important part of everyday life in Valley County. In addition, however, foundation members worked hard to make philanthropy a community norm as measured by the percent of the population participating in giving.

Consequently, the Foundation learned techniques from other organizations and groups on how to focus on giving strategically. That is, projects must be selected to build local assets to achieve a sustainable future instead of selecting “band-aid” and “feel-good” projects. The leaders recognized the limitations of investing in projects like community parks when, without a change in direction, there would be few children to enjoy the parks. Developing indicators to measure the consequence of their investment was critical to success. Recently, the foundation assisted twenty young professionals in moving to the community (Stier, 2005).

Finally, Valley County leaders are working on developing an umbrella foundation to organize giving campaigns and to share management expenses, thus formalizing the



emerging social capital focused on community giving. Under the umbrella foundation, community participation will be a strong indicator of how well the community has matured beyond previous conflict and generated value-added capacity for working together in creating a sustainable and healthy community that will, in turn, increase stock in cultural, human, and social capital.

The HTC team set a new goal of capturing 10% of the wealth transfer. Again, the role of bridging social capital is important in blending the outside expertise on wealth transfer with the local leaders and their knowledge of place. The investment of social capital, human capital, and financial capital to support the launch of this strategy created an upward spiral across the capitals, in particular changes in cultural capital that encourage people to give back to the community. Both human and social capitals expanded as more people became involved in the work either as volunteers or as donors. Long-term investment of local assets in achieving their wealth transfer goal will provide financial capital to support self-development in perpetuity. Used wisely to support the community's vision of the future, financial and cultural capitals can sustain the upward spiral well into the future.

### *Economic development and entrepreneurship*

HTC worked with the VCEDC to prioritize several essential strategies, thus enabling the staff to focus on those most likely to make a difference in the near future. Training local team members to conduct interviews with local businesses helped the team to identify several strong firms with skills that they were willing to share with others to build their business development assets, thus expanding the human and social capital of the local team. These interviews aided the local team in identifying those businesses with high job growth potential and determining how the team might best assist them in their growth. In the process of interviewing businesses and collecting data on other businesses, the team uncovered a pool of 25 businesses with some potential for fast growth or generational transfer. Targeting several businesses with the potential for inter-generational transfer not only helped the retiring generation preserve the assets they worked hard to develop, but also assisted with capital needs of the younger generation, related or otherwise, enabling the business to continue successfully as an asset for the community. The team looked at the profile of business ownership in Valley County to determine the best strategy for creating good jobs. By offering hands-on technical assistance to these businesses, the VCEDC experienced an immediate return on its investment while increasing the visibility and importance of their efforts.

To date, the local entrepreneurship team can show some outcomes with several businesses in terms of job creation and work toward successful business successions. The team worked to revive a local investment club to use its capital to support local business development. Finally, the team identified ways to encourage young people to see entrepreneurship as positive career choice with growth potential in Valley County. A local person was hired as an entrepreneurship coach to benefit young people and existing businesses. In spring 2005, the HTC entrepreneurship coach worked with high school and middle school youth to develop business ventures that culminated in a business fair that netted thirty young entrepreneurs over \$4,000 in sales (Rural Electric Nebraskan, July 2005: 15).

The HTC team hopes that the long-term impact of their work will result in a community that is supportive of entrepreneurial efforts and small but growing businesses. Additionally, HTC worked with the VCEDC to understand the notion of regional competitiveness better.<sup>2</sup>

The entrepreneurial coach's portfolio of active business clients grew to over 100 businesses. The excitement in the community about future opportunities helped it win a major investment by an ethanol plant from an outside business (Stier, 2005). The community's success in business development and support are reflected in the growth

of local businesses and jobs and an increase in per capita income. To reach its goals, the community eventually wants to work on a regional economic development approach that supports the development of business clusters and successful global marketing.

Previously, local leaders sought to generate jobs through “industrial attraction” alone with little or no return on this investment after the initial success with the call center. Bridging social capital brought outside entrepreneurship development expertise, together with local volunteers and businesses, offering a new vision of the community’s potential. The processes continued to generate new bonding and bridging social capital as additional entrepreneurs and volunteers joined in. Furthermore, all partners expanded their knowledge of what interaction worked to create good jobs in rural America.

HTC provided local leaders and the local entrepreneurship team with technical assistance and coaching on how to work with local businesses thus increasing human capital. The interviews with local business owners generated new social capital. Success led to increased cultural capital as the community became more supportive of entrepreneurial efforts and local businesses. The growth in businesses and jobs expanded financial capital with implications for expanding human capital as incomes increase and families have additional options. Changes in cultural capital provided impetus to continue an upward spiral of asset creation as community members found reasons to support local business and received support to follow their own ideas. Their efforts have influenced institutions outside the community, such as utility companies, rural development programs, and state economic development agencies to value investing resources in entrepreneurial economic development strategies.

## **Spiraling-Up**

The spiraling-up caused by building on existing assets included expanding human capital not only in skills and knowledge but also in the way local people now see themselves as part of the community. The project increased social capital assets by creating opportunities for youth and adults to work together and by bringing more people into the leadership arena. Finally, the project modified cultural capital to foster an increased acceptance of youth and other non-traditional leaders as important actors within the community.

This particular change process is still very recent in Valley County. The increase in community capitals was very promising and demonstrated the strategic nature of the intervention. While inputs and activities focused on investing primarily in human, financial, and social capitals, these investments showed immediate increases in the stock of most of the capitals (see Table 1). Clearly, by carefully targeting resources and inputs in a few areas, primarily in building human capital and encouraging the development of social capital through leadership development and foundation development, the limited resources systemically influenced five capitals. Eventually VCEDC and the local teams will have the capacity to influence all seven capitals as they work to build a healthy, sustainable future for Valley County.

Both leadership (human capital) and social capital develop in relation to specific goals rather than as broadly framed capacity development activities. Thus, HTC built leadership and community capacity to achieve wealth capture goals, expand entrepreneurial activities, and attract youth. In this way, leadership training was explicitly tied to community capacity development rather than focused on developing the human capital of individuals. By incorporating the components of the three areas simultaneously, the synergistic design of the project led to changes in all areas, eventually offering the potential to create system change.

The community’s mobilization of social and then financial capital were vital first steps in reversing the spiral of decline. First, leaders came together (using existing bonding social capital) to commit to change and to find ways of financing that at change. Investing

**Table 1. Changes in community capitals as a result of HTC**

<b>Capital</b>	<b>Change in capital</b>
Human	<p>35 graduates of leadership classes report increased skills</p> <p>Increase in volunteer hours</p> <p>Increased knowledge of entrepreneurship</p> <p>Financial planners, attorneys, real estate professional develop/enhance skills to facilitate charitable giving.</p> <p>New professionals move to community</p>
Social	<p>New opportunities for youth and adults to work together in projects through the youth development team, leadership training, and entrepreneurship training</p> <p>Community overcomes historical conflicts</p> <p>Community works together more as evidenced in participation on teams and in increased volunteer hours</p> <p>Community accepts change more readily</p> <p>More organizations and groups are linked together through the participation of members in teams</p> <p>Community foundation leadership becomes an effective team as indicated by the increase in the number of people volunteering, the number giving, and the dollars donated</p> <p>Community Foundation connects to other organizations within Nebraska</p> <p>Community networks support youth entrepreneurship and generational transfer as indicated in the work with several businesses to plan for succession</p> <p>Local businesses linked to multiple agencies for technical support</p> <p>Valley County connects to other entrepreneurial communities through participation in HTC field days</p>
Political	<p>Leadership diversified, more women and young people run for office.</p> <p>Local elections have at least two candidates running.</p> <p>Leaders increase connections to and relationships with state and local government</p> <p>Regional economic development planning underway</p> <p>State policy more supportive of entrepreneurship as indicated by financial support for HTC in Valley County</p> <p>Business owners participate more in state and local government</p>

**Table 1 cont'd. Changes in community capitals as a result of HTC**

Financial	<p>Increased donations to community groups</p> <p>Board of the community foundation is strengthened</p> <p>Scholarships created to support leadership training for youth and other unheard voices</p> <p>Local Foundation has access to additional funders, state agencies, and the Nebraska Community Foundation.</p> <p>Foundation exceeds its target in bequests and gifts</p> <p>An increase in the number of community members giving to the Foundation</p> <p>Local investment club revived</p> <p>Ten businesses change hands (rather than close)</p> <p>Formation of business clusters</p> <p>Local businesses increase links to global market</p> <p>Retail sales increase 20% compared to state's 16.2%</p> <p>Personal income increases 11.8% compared to 4.6% for the state</p> <p>Per capital income increases 13.9% compared to 3.8% for the state</p> <p>25 entrepreneurs increase assets/cash flow</p> <p>Investment club invests in local business development</p>
Natural	<p>Leaders act to enhance green space</p> <p>Community foundations supports sustainable economic development</p>
Cultural	<p>Community more pro-youth</p> <p>Increased confidence in attracting new residents</p> <p>"Giving back" both in dollars and time becomes a dominant value theme</p> <p>Community people believe in their ability to shape their future</p>
Built	<p>Local businesses increase their use of technology</p> <p>Local pharmaceutical manufacturer expands capacity</p> <p>Younger generation builds assets in transfer of ownership</p> <p>Ethanol plant construction planned</p>

in financial capital indicated that the community leaders viewed the future as something they must take control over. The leaders soon realized, however, that they needed to do more than just provide financial and human capital resources. They also had to mobilize bridging social capital to link themselves to technical assistance and to those outside the community willing to invest in the community's future. Sometimes referred to as linking social capital (Schneider, 2004), relationships that create access to resources, particularly financial resources and political influence, play a critical role in sustaining the effort. Finally, we observed the importance of the new social capital links that created the opportunity to join outside expertise with the internal knowledge and understanding of place. Thus, in Valley County, mobilizing social capital created the conditions for the five mechanisms in which social capital effected outcomes as described by Narayan and Pritchett (1997):

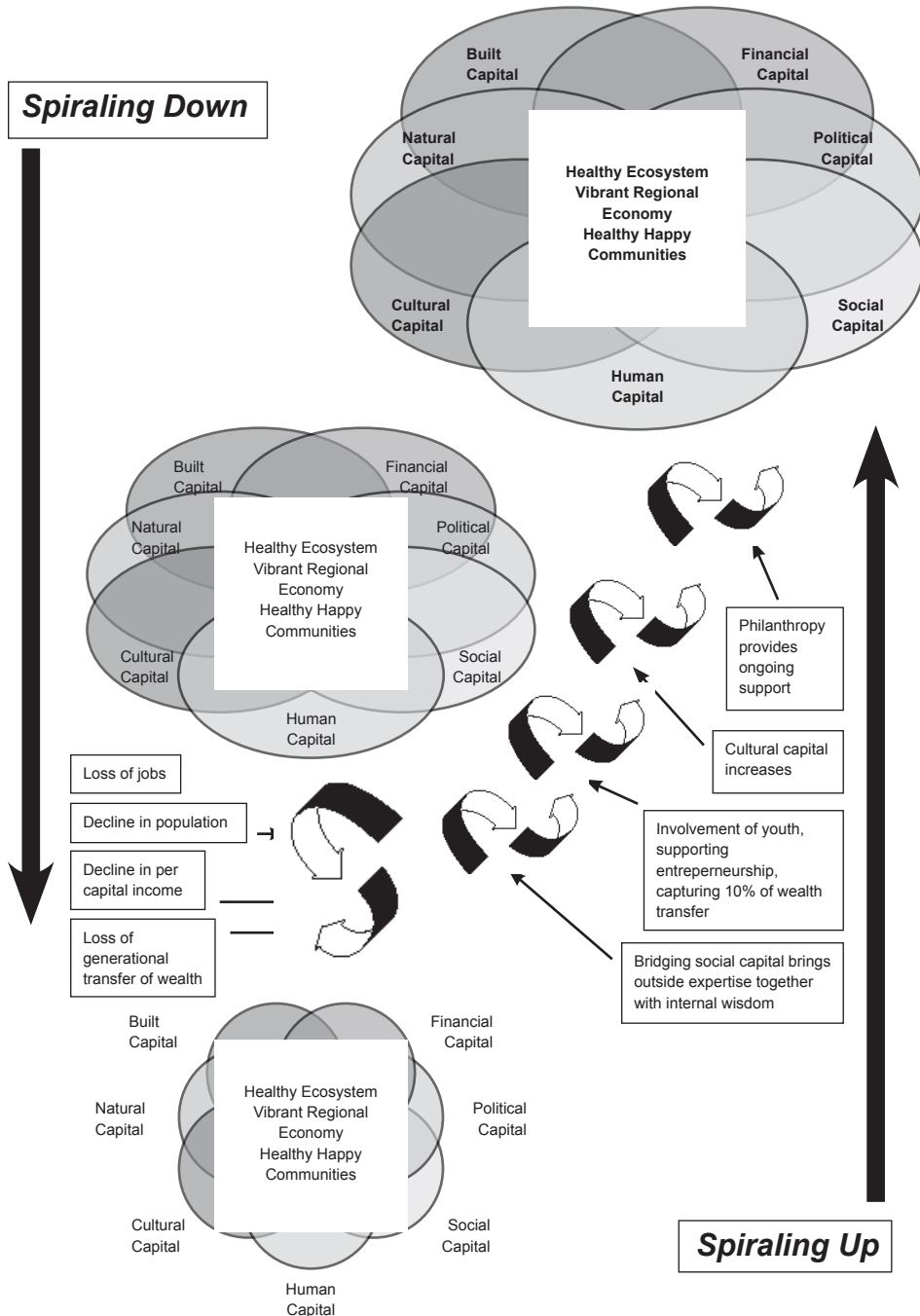
- improving the ability to monitor the performance of government which in Valley County began with passing the bond and attending to performance,
- increasing possibilities of co-operative action as demonstrated by the work of HTC implementation teams,
- facilitating the diffusion of innovation that allowed new ideas about economic development and entrepreneurship to surface and be implemented,
- reducing information imperfections to decrease transition costs and facilitate “deal-making” that led to new business strategies and opportunities for leadership development, and
- increasing informal assurances that allowed households and individuals to engage in risky activities such as engaging in entrepreneurship or running for office knowing the community supports these efforts (Hobbes, 2000).

In the long-term, the greatest challenge in Valley County lies in its ability to mobilize social capital in ways that cut across groups, so that all voices participate and visualize the possibility of prosperity (Varshney, 1998).

The analysis of the project using the CCF led to two significant impacts. First, the HTC process facilitated the growth of social capital as it engaged the community and external partners in learning together about strategies that could transform landscapes of loss to those of prosperity. Falk and Kilpatrick (1999) found that quality learning environments can increase the accumulation of social capital. A second observation that emerged from applying the CCF was the importance of transforming community cultural capital into a “pro-change” asset. For example, a leadership training program alone would have limited impact on human and social capital. A leadership development program designed to include youth and people from various locations within the county using local expertise impacts cultural capital as people socially reconstructed the structure of leadership. Young persons became leaders, local people, experts, and community leaders,, collaborators as new relationships were developed outside the previous vision of possible relationships.

This interaction across capitals spurred the momentum to provide more opportunities to more kinds of people, leading to increased human, social, and cultural capitals. Because people began to imagine their community and themselves differently, crucial changes in political capital occurred. These changes led to more support for local businesses and efforts that influenced financial capital. To build the synergy necessary for the spiraling-up effect to kick in, the attitudes, norms, and approaches to working together for change in the community had to be reformed to foster a sense of agency within the community, to reduce long-term conflict, and to appreciate assets and invest them wisely. In Figure 3, we see how the initial investments in social capitals led to both increases in the stock and flow of other capitals causing critically important changes in cultural capital. These changes provided the foundation for additional growth in the stock and flow of capitals assets leading to increasing capacity within the community.

**Figure 3. Mapping the Loss of Capital Assets in Landscapes of Loss and Growth of Assets Connected to HTC**



## **Sustainability of the HTC approach**

HTC clearly increased stocks across the capitals in Valley County by addressing significant capital flows in that community. At the community level, HTC developed a clear strategy for using efforts of “wealth capture” to provide ongoing financial capital that supported the spiraling-up effect. But is HTC itself a sustainable organization capable of catalyzing change in numerous communities? By applying its entrepreneurial strategy to itself, HTC brought in two private telephone companies, an RC&D, and CDBG funds to support the implementation of the approach in various locations. In addition, the regional economic development districts, community colleges, and USDA Rural Development have become partners. The Main Street program played an essential role in several locations. The HTC approach to rural entrepreneurship garnered a two million dollar grant from the Kellogg Foundation to promote rural entrepreneurship, and other funders are contributing to expand the approach. In addition, they are exploring several possibilities for endowment development. They developed a business plan that includes fee-for services, so they can continue to offer the program to communities interested in reversing decades of decline.

## **SUMMARY**

The Community Capitals Framework offers us a new viewpoint from which to analyze holistic community changes. The framework encourages us to think systemically about strategies and projects, thus offering insights into additional indicators of success as well as potential areas of support. Discussion of the capitals framework provided a broader understanding of the strategic nature of HTC, particularly among its partners. Using the framework to think systemically about the project helped the members of the collaborative to identify indicators in all the capitals beyond those related to the specific activity as they strive to evaluate the project’s impact and learn from that experience.

CCF can offer a mechanism for systemic evaluation, an evaluation process that looks at impact beyond to the project’s specific goals, to the community or system as a whole. Applying the framework allowed us to map outcomes by capitals and to identify indicators that can measure the degree of system change. In the case of HTC, the CCF illustrated the project’s impact in creating a flow of assets that led to increased stock in multiple capitals. As funders and community developers alike require better ways of understanding impacts and outcomes, the CCF provided an effective way of mapping the investment of capital stocks, strategies that influence the flow of assets across capitals, and results indicated by the increase of capital stocks. The CCF allowed us to study the interaction among capitals that can result in “success leading to success.” Such an approach will be useful when we look at two similar communities facing very different futures. We see from the flow of capitals the significance of cultural capital in driving the ongoing flow of capital assets toward an upward spiral that allowed synergetic capitals to grow and continually build on themselves.

In our use of the CCF to study the process of building capacity in community, we found the increases in both the stocks and flows of social capital were the initiating factors in the spiraling up process. As we use this understanding in our work with communities, we will continue to expand out learning of how the interaction among the capitals contributes to the spiraling-up process. We see the need to learn more about the quality of the social capital interaction between outsiders and local leaders. Clearly, given the parameters of the new economy and the need for individual communities to find their niche and succeed, the joint learning involved in bridging local wisdom with outside expertise played a critical role in initiating an upward spiraling process.

## NOTES

- 1 Retrieved January 2006 from [http://www.ruraleship.org/index\\_html?page=content/tools.htm](http://www.ruraleship.org/index_html?page=content/tools.htm)  
2 Personal correspondence with Don Macke, Heartland Center for Leadership Development Co-Director.

## REFERENCES

- Aigner, S. M., Flora, C. B., & Hernandez, J. M. (2001, Fall). The Premise and Promise of Citizenship and Civil Society for Renewing Democracies and Empowering Sustainable Communities. *Sociological Inquiry*, 71: 493-507.
- Bebbington, A. (1999). Capitals and Capabilities: A Framework for Analyzing Peasant Viability, Rural Livelihoods and Poverty. *World Development*, 27: 2021-2044.
- Becker, G. (1964). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*. New York: Columbia University Press.
- Bourdieu, P. (1986). The forms of capital. In J. G. Richardson (Ed.), *The Handbook of Theory: Research for the Sociology of Education* (chapter 9, pp. 241-258). New York: Greenwood Press.
- Coleman, J. S. (1990). *Foundations of Social Theory*. Cambridge, MA: Harvard University Press.
- Costanza, R., d'Arge, R., de Groot, R., Farber, S., Grasso, M., Hanson, B., Limburg, K., Naeem, S., O'Neil, R. V., Parvelo, J., Raskin, R. G., Sutton, P., & van den Belt, M. (1997). The Value of the World's Ecosystem Services and Natural Capital. *Nature*, 387: 253-260.
- Emery, M., Carlson, R., & Schroeder, C. (2004.) A formula for community builders: how to retain youth and attract families. *Vanguard*, 36: 3.
- Emery, M. (2004). Mid-term evaluation report. Unpublished report to the HomeTown Competitiveness collaborative. Lincoln, NE.
- Emery, M. (2003). Interim report to the collaborative. Lincoln: Heartland Center for Leadership Development.
- Falk, I., & Kilpatrick, S. (1999). *What is Social Capital? A Study of Interaction in a Rural Community*. Australia: University of Tasmania.
- Flora, C. B., & Flora, J. (1993, September). Entrepreneurial social infrastructure: a necessary ingredient. *Annual of the American Academy of Political and Social Science*, 529 :48-58.
- Flora, C., Flora, J., & Fey, S. (2004). *Rural Communities: Legacy and Change* (2<sup>nd</sup> ed.). Boulder, CO: Westview Press.
- Flora, C. B., Fey, S, Bregandahl, C., Chen, L., & Friel, J. (2004). *Rural community and economic development case study resources: A summary report*. North Central Regional Center for Rural Development, Ames, IA.
- Flora, J. L., Sharp, J. S., Flora, C. B., & Newlon, B. (1997). Entrepreneurial social infrastructure and locally-initiated economic development. *Sociological Quarterly*, 38(4): 623-645.
- Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology*, 78(6): 1360-1380.
- Granovetter, M. S. (1985). Economic action, social structure and embeddedness. *American Journal of Sociology*, 91: 481-510.
- Gutierrez-Montes, Isabel. 2005. *Healthy Communities Equals Healthy Ecosystems? Evolution (and Breakdown) of a Participatory Ecological Research Project Towards a Community Natural Resource Management Process, San Miguel Chimalapa (Mexico)*. PhD Dissertation, Iowa State University, Ames, IA
- Havens, J. J., & Schervish, P. G. (2003). Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy by the Social Welfare Research. *The Journal of Gift Planning* 7(1) January: 11-15, 47-50.
- Hobbes, G. (2000). What is social capital? A brief literature overview. Retrieved October 2005 from [http://www.caledonia.org.uk/soc\\_cap.htm](http://www.caledonia.org.uk/soc_cap.htm)
- Lochner, K., Kawachi, I., Kennedy, B. P. (1999). Social capital: a guide to its measurement. *Health and Place* 5: 259-270.
- Lorenz, E. (1999). Trust, Contract and Economic Cooperation. *Cambridge Journal of Economics* 23: 301-15.
- Macke, D. (2005). Personal correspondence to Mary Emery.
- Myrdal, G. (1957). *Economic Theory and Underdeveloped Regions*. London: Duckworth.
- Narayan, D. (1999). *Bonds and Bridges: Social Capital and Poverty*. Washington: World Bank, Report no. 2167.



- Narayan, D. & Prichett, L. (1997). *Cents and Sociability: Household Income and Social Capital in Rural Tanzania*. Washington, D.C.: World Bank.
- Nebraska Community Foundation. (2004). Retrieved January 21, 2006 from <http://www.nebcommfound.org/wealthanalyses.htm>
- Nebraska Community Foundation. (2005a). Retrieved January 21, 2006 from <http://nebcommfound.org/HTC.htm>
- Nebraska Community Foundation. (2005b). Retrieved January 21, 2006 from <http://www.htcnebraska.org/about?PHPSESSID=21d9535caab341972e3be3eb94206e1f>
- Nothdurft, W. (2002). *Across the Great Divide: People, Places, and Poverty in Northwest Area Foundations' Region*. St. Paul: Northwest Area Foundation. Retrieved June 20, 2003 from <http://www.nwaf.org/pubs/Nothdurft.pdf>
- Pretty, J. N. (1998). *The Living Land: Agriculture, Food and Community Regeneration in Rural Europe*. London: Earthscan Publications Ltd.
- Rural Electric Nebraskan. (2005). Hometown Competitiveness: A Unique Approach to Rural Community Enhancement. 59(7): 14-15.
- Schneider, J. (2004). *The Role of Social Capital in Building Healthy Communities*. Casey Foundation. Retrieved January 2005 from <http://www.aecf.org/initiatives/mc/readingroom/documents/Social.Capital04.pdf>
- Stier, K. (2005, November 14). Rural America: in Ord, Neb., the latest success is 20 new residents. *New York Times*. Retrieved January 22, 2006 from <http://www.htcnebraska.org/vcordsuccess>.
- Varshney, A. (1998). *Ethnic Conflict and the Structure of Civic Life*. Paper presented at the annual meeting of the American Political Association, Boston Science.