

The Role of Symbolic Capital among Entrepreneurs in the Croatian Software Industry

Tamara Šmaguc, Ksenija Vuković

Faculty of Organization and Informatics

University of Zagreb

Pavlinska 2, 42000 Varaždin, Croatia

{tamara.smaguc, ksenija.vukovic}@foi.unizg.hr

Abstract. Drawing on Bourdieu's theory of capital, we present the results of research on the forms of symbolic capital of entrepreneurs and their conversions into economic, social and cultural capital. The research is industrially and spatially positioned within the software industry in the Republic of Croatia and is based on a qualitative methodology. Face-to-face in-depth interviews were held supplemented by observations. Empirical data were analyzed using the techniques of grounded theory. The results show that the software entrepreneurship is characterized by a wide range of symbolic resources that are valuable in the context of acquiring economic capital and cultural capital.

Keywords. symbolic capital, Bourdieu's theory of capital, software entrepreneurship

1 Introduction

The *illusio* of market rhetoric (Pret, Shaw & Dodd Drakopoulou, 2016) favoring economic capital in the field of entrepreneurship has been gradually weakening. Consequently, entrepreneurial researchers have been refocusing to study the forms and relationships of different, tangible, and intangible resources in the entrepreneurial process. Among them, symbolic capital (Bourdieu, 1985) is certainly the most subtle and obscure resource manifestation with a still fragmented and poor empirical base in the area of entrepreneurship.

In this paper, we adopt Bourdieu's (1977; 1985; 1986) theory of capital to investigate the role of symbolic forms of capital among Croatian entrepreneurs in the software industry. More precisely, the paper presents the results of qualitative research on the forms of symbolic capital among entrepreneurs and their conversions into other resource manifestations (economic, social and cultural capital). After the conceptual definition of symbolic capital from the perspective of Bourdieu's theory, in the first part of the paper, the current knowledge about the role of

symbolic capital in entrepreneurship is presented and research questions are formulated. The second part of the paper presents the methodology and results of the research and the conclusions and implications for practice.

2 Symbolic capital in the context of the entrepreneurship process

Bourdieu (1986) tends to dispel collective beliefs about capital as something purely economic and stresses that labor can be materialized in multiple forms. In this sense, in addition to economic capital (money and tangible assets), he conceptualises cultural capital (cultural goods and services, including formal education), social capital (acquaintances and networks) and symbolic capital (social recognition, prestige, reputation) (Bourdieu, 1986; Swartz, 1997; Fanuko, 2008; Desan, 2013). He also notes that it is possible to account for the structure and functioning of the social world only if capital is considered in all its forms and if one tries to understand the laws by which different forms of capital are changed into one another. Thus, Bourdieu (1986) holds that any form of capital can be converted into some other resource manifestation (Bourdieu, 1986, p. 84). For example, a high level of cultural capital (in terms of formal education and professional experience) can be transformed into symbolic capital manifested through social recognition and prestige, as well as economic capital (through financial investment in education) can be converted into cultural capital (Lam, Shaw & Carter, 2007; Shaw, Lam & Carter, 2008; De Clercq & Voronov, 2011). Such conversions are more or less overlapped and take place in all directions. They represent the struggle to improve or maintain positions of power within the social system and as such illustrate the fundamental mechanism of social reproduction (Bourdieu, 1986; Fanuko, 2008).

Symbolic capital is something that is "...another name for distinction - is nothing other than capital, in whatever form, when perceived by an agent endowed

with categories of perception arising from the internalization (embodiment) of the structure of its distribution, i.e., when it is known and recognized as self-evident” (Bourdieu, 1985, p. 731). It is not a special kind of capital, but it is the form in which the other forms of capital (economic, social, cultural) are perceived and recognized as legitimate (Bourdieu, 1985, p. 724; Fanuko, 2008, p. 17; Desan, 2013, p. 329).

Symbolic capital represents everything *what counts* within a specific social structure (or as Bourdieu (1977) calls it - field). In this sense, it essentially coincides with the concepts of status, respect, prestige, reputation, credibility, power, and honor (Gergs, 2003; Fuller & Tian, 2006; Stringfellow & Shaw, 2009; Townley, Beech & McKinlay, 2009). In this context, Bourdieu (1998) mentions an example of the concept of honor in Mediterranean societies. Such honor (i.e., symbolic capital) exists on the basis of common representations of members of the society derived from a common set of beliefs and collective labeling of certain patterns of behavior as honorable or dishonorable (Bourdieu, 1998, p. 47).

The specificity of symbolic capital is that it exists in the eyes of others. Unlike economic or cultural capital, it has no material, institutionalized, or embodied existence (Bourdieu, 1985; Siisiäinen, 2000). However, just like any other form of capital, symbolic capital can be accumulated and freely converted into other forms of capital. Its accumulation is as rational as the accumulation of economic capital and it takes time. Once symbolic capital is accumulated, it can reproduce itself, grow or decrease to a certain degree (Fuller & Tian, 2006, p. 291).

De Clercq and Voronov (2009a, 2009b, 2009c, 2011) consider symbolic capital in the context of conceptualizing the process of acquiring the legitimacy of newcomers entering a field of entrepreneurship. According to their conclusions, this form of capital acts as a mechanism that allows the entrepreneur to establish control over the perceptions of *self* in the environment. It implies a kind of capacity to create an image of *self* that is congruent with the essential characteristics of entrepreneurship such as risk-taking, disruption of existing harmony and “the heroic capability of wealth creation through novel commercial activity” (De Clercq & Voronov, 2009b, pp. 809-810). Access to symbolic resources enables agents to meet the expectation to *stand-out* from current field arrangements, which is achieved by imposing new business standards, innovating and other practices of disrupting the *status quo*. Such practices unknowingly or intentionally disrupt the existing structure of the field. They are a precondition for building entrepreneurial legitimacy in the social structure. Therefore, symbolic capital, along with cultural capital, is the best indicator of power in the field of entrepreneurship.

The role of symbolic capital in entrepreneurship is also addressed by Fuller and Tian (2006) who use the

concept within the study of the nature of corporate social responsibility. Based on narrative analysis, the authors develop a classification of socially responsible business strategies (“taking”, “sharing”, “giving”). According to their findings, the accumulation of symbolic resources is directly based on the strategy of “giving”. The mentioned strategy refers to rewarding employees, investing in the development of the local community and related socially responsible activities. The authors conclude that small businesses, which do not have significant economic and political power compared to large corporations, draw their source of strength from social relationships with their stakeholders. Such relationships, among other things, require the accumulation of a sufficient level of symbolic capital, especially in the later stages of the business life cycle.

Pret, Shaw & Dodd Drakopoulou (2016) examine the conversion nature of different forms of entrepreneurial capital in the creative industries. As they state, the symbolic resources are related to entrepreneurs’ prestige, status and positive reputation. They are more powerful than other forms of capital because they create confidence in the quality of products and services and act as a base for social recognition of entrepreneurial action. Although obscure, they can be objectified in the form of formal awards and recognitions. The authors conclude that among all forms of entrepreneurial capital, symbolic resources are most susceptible to conversion into other forms of capital. Therefore, they are a particularly valuable resource form in the field of entrepreneurship.

Based on the previous theorizing about symbolic capital in the entrepreneurial process, in this paper we present research focused on understanding the role of symbolic capital among Croatian entrepreneurs in the software industry. Taking into account the conversion nature of capital, from the perspective of entrepreneurs, we examined the following research questions:

1. *What forms of symbolic capital are used by Croatian entrepreneurs in the software industry?*
2. *What conversions of symbolic capital are carried out by Croatian entrepreneurs in the software industry in order to acquire economic, social and cultural capital?*

3 Methodology

In order to reach a deeper understanding of the examined phenomenon, the research is methodologically based on a qualitative approach. Primary data were collected through observations and in-depth interviews with 77 participants from 70 companies. The final sample included entrepreneurs from 11 counties in different parts of the Republic of Croatia. The selection of interview participants was based on the theoretical sampling principle (Patton 2002; Charmez, 2006). The interviews were conducted in-person at the business location of the company (39 interviews), in a nearby cafe (15 interviews), via Skype

(14 interviews) or at the researcher's workplace (2 interviews). In order to protect the anonymity of the participants and the confidentiality of the data, each participant was given ethics declarations about using the data collected in the field research. The average duration of the interview was 66 minutes. Every interview had been recorded by audio recorder and credible transcripts were produced.

Among other things, the research examined the component of symbolic capital related to the entrepreneur's media exposure. Therefore, in addition to the primary data, secondary qualitative data were collected. They include information on the appearance, timeliness, coverage and content of the company's website and the appearance and content of news about the company and the entrepreneur in online media, information on the activities of entrepreneurs on social networks, participation and/or organization of conferences and other gatherings in industry and business, data on receiving awards and recognitions of the company and other. The Internet was used as a source of secondary data. All found qualitative content for each entrepreneur was stored and read and a report on available qualitative secondary data was compiled. Based on the report, the intensity of media exposure of entrepreneurs and companies was estimated.

Data analysis was based on analytical procedures of grounded theory (Charmaz, 2006; Glaser & Strauss, 2012; Corbin & Strauss, 2015). Accordingly, initial, focused, and axial coding were performed (Charmaz, 2006). In the initial coding phase, *raw* empirical data were grouped into segments and each segment was marked with a code or label that presents the meaning of the data set. In the process of focused coding, the most significant and common codes were identified and they were synthesized into particles of a higher level of abstraction (so-called categories) (Charmaz, 2006). Finally, axial coding was applied to reconnect the data by identifying the links between the categories and the links between the data within each category (Corbin & Strauss, 2015; Šmaguc & Vuković, 2016). The entire process of data collection and analysis was guided by constant comparison (Charmaz, 2006). It is a technique that involves an iterative "circular comparison of previously and re-collected empirical material" with the aim of finding similarities and differences in the data (Šmaguc & Vuković, 2016, p. 6). Table 1 illustrates an excerpt from initial and focused coding.

4 Results

4.1 Forms of symbolic capital

According to the results of the data analysis, Croatian entrepreneurs in the software industry employ several different forms of symbolic capital (Table 2).

Market reputation, reputation in the local community and the media exposure associated with these reputations are manifestations of symbolic capital that are characteristic of the largest and financially strongest companies. These are resources accumulated on the basis of the company's expertise, top quality products and services, and the strength and visibility of the company's customers (Zimmerman & Zeitz, 2002). Accumulation of these resources is also contributed by the size of the company, attractive location, luxurious office space (Zimmerman & Zeitz, 2002; Clarke, 2011) and the active involvement of entrepreneurs in local community events (Zimmerman & Zeitz, 2002). Examples of such engagement are the proclamation of philanthropy by sponsoring local activism in industry (Suchman, 1995; Zimmerman & Zeitz, 2002), participation in media-covered social events, and collaboration with the political and academic fields. These practices contribute to the positive media reputation created by the publication of inspiring entrepreneurial stories. This in turn further strengthens the market reputation by shaping the legitimacy of the company in the eyes of potential customers, business partners and future employees (Deeds, Mang & Frandsen, 2004).

In relation to the market reputation are symbolic resources in the form of **trust of banks, investors and business partners**. Trust most often stems from a built market reputation, the growth of business revenues and the "financial health" of the company. As Ivan (40-50, Varazdin) points out, stakeholder trust facilitates new acquisitions of financial and other resources, stimulating further expansion of the company:

Now the situation is that we are negotiating with the banks in the way we say... we have a need for so much and so much, four banks are looking for an offer and put together an offer in 2-3 weeks... If creditworthiness is maintained then in principle the price of capital is corrected and reduced ... and be so affordable. Then what people are saying about some percentages, fortunately for us, is no longer so crucial... And then we built that kind of relationship with the bank... our business is a sufficient guarantee for you and don't ask for any other collateral outside the company itself. (Ivan, 40-50, Varazdin)¹

Market reputation subtly overlaps and intertwines with the recognition of entrepreneurs in the industry. **Reputation in the industry** is the result of entrepreneurial practices used to engage industry specific cultural and social resources in order to produce symbolic capital. Examples of such practices are innovating, highlighting the captivating and rare expertise of key employees, sharing specific knowledge through articles, blogs and lectures, and activism within the industry associations.

¹ The names of the interviewees were replaced by pseudonyms.

Table 1. Excerpt from initial and focused coding

Symbolic capital (Alen, 34, Zagreb)		
Interview excerpt	Code	Category
<i>We are trying to do some things like writing blogs, case studies and columns for external portals. We cooperate with various media houses so that our knowledge that we create on these projects can be seen outwards.</i>	blogs and columns	reputation in the industry based on cultural resources
<i>...So, if I could say one marketing pillar we have is knowledge sharing... through lectures, seminars...</i>	knowledge sharing	reputation in the industry based on cultural resources
<i>We have somewhere around a dozen awards, international. So ... for the portals and mobile apps we've been working on.</i>	awards	other forms of symbolic resources

Own research.

Table 2. Forms of symbolic capital with frequencies of associated codes

Forms of symbolic capital	Number of firms (N=70)	Code frequency
Market reputation and local recognition		
- prestigious clients	10	14
- recognizability in the local field	14	27
- materialized cultural capital*	14	-
- media appearance (market) **	24	-
Stakeholder trust		
- trust of banks	1	2
- trust of investors	5	6
- trust of partners and clients	28	39
Reputation based on cultural resources and active engagement in the industry		
- knowledge sharing	35	50
- expertise	27	44
- innovations	7	11
- organization of events	18	26
- activity in associations and competitions	14	23
- media appearance (industry) **	36	-
Other forms of symbolic capital		
- awards and recognitions	31	42
- media appearance (other) **	68	-

* Identified through observations.

** Identified through secondary data sources.

Own research.

Table 3. Conversions of symbolic capital with frequencies of associated codes

Conversions of symbolic capital		
Symbolic capital	Economic capital (f=51)	* Visibility as a source of customers * Finding more profitable customers based on reputation
	Cultural capital (f=16)	* Reputation as a foothold of access to new quality employees
	Social capital (f=8)	* Customer trust and reputation in the function of strengthening networks

Own research.

Whether ideological or strategic in nature (Suchman, 1995; Drori, Honig & Sheaffer, 2009) these practices create media visibility of entrepreneurs, not only in electronic publications thematically related to the industry, but also in the wider media. In this way, the social recognition gained within the professional community spills over into the field of markets and other fields.

Finally, symbolic capital can also be manifested in **awards and recognitions**. Yet this symbolic form contributes the least to the acquisition of other forms of capital. Moreover, as Andrija (30, Virovitica) testifies, the significance of the awards can be reduced by their devaluation by the constituents who award them:

... We were nominated last year that we didn't even know, which was shocking to me ... for the best micro-entrepreneur in the Republic of Croatia by the Ministry of Entrepreneurship... So, it was... at the national level. We were in the top three at the end of the election, that no one even informed us... So, it was that some event, all the ministers were there, ... some kind of entrepreneurship promotion, this, that... So much about what those awards [mean]... what is the level at which they are awarded and what is the mode of communication of the value of that recognition. (Andrija, 30, Virovitica)

4.2 Conversions of symbolic capital

According to the results of the analysis, the entrepreneur's symbolic capital is easily converted into other forms of capital (Table 3). Conversions of symbolic capital into economic capital are the most common, and are reflected in exploiting the market reputation and reputation in the industry in appropriating new customers, finding more profitable jobs and penetrating more attractive markets. This is an advantage in which, as Mladen (42, Split) says, *you don't have to look for a client, the client finds you*, and adds Vedran (37, Zagreb), *price is no longer a subject of negotiation* - a symbolic advantage that can be easily converted into economic capital i.e. financial growth of a cognitively recognized firm.

In addition to providing new business opportunities, a company's reputation is related to the process of finding new employees. In fact, it gives this quest a symbolic stretch since an established player is usually perceived as an attractive employer. It is about the conversion of symbolic capital (industry reputation) into cultural capital (attracting quality employees) (Zott & Huy, 2007) - a practice that emerges in the perception of a company as an attractive employer. Such a company finds new talents more easily and, as Branka (43, Zagreb) says, *it can act more selectively in this process*, which is important in the context of the labor shortage issues in the industry.

Although symbolic capital is easily transformed into economic and cultural resources, there is not much evidence of its conversion into social capital. Specifically, the practice of converting symbolic capital into social capital has been identified in only a few cases, and it relates to the contribution of customer trust and market reputation to creating and strengthening informal entrepreneurial networks (Deepphouse & Carter, 2005; Pret, Shaw & Dodd Drakopoulou, 2016). As Bruno (34, Pula) suggests, such networks can be significant in the context of gaining financial benefits for a company, which is in fact a form of (indirect) transformation of symbolic capital into economic capital:

I am currently working as the organizer of the European Wordpress Conference, which will be held in Vienna this year. So this is my time that I donate ... And now... I don't do it for the sake of interest, but people have to understand that such things eventually bring...contacts and then they later result in new recommendations. (Bruno, 34, Pula)

5 Conclusion and implications

Croatian entrepreneurs in the software industry are characterized by a tendency to accumulate a wide range of intangible, symbolic resources that are valuable in the context of acquiring economic capital and human capital. These resources are idiosyncratic (Barney, 1991), and they are the product of economic (financial strength), social (community networking), cultural (expertise, elite business space), and symbolic resources that build the firm's existing bundles of capital. In this sense, the results imply recommendations for new entrepreneurs in the industry. The practices of early accumulation of symbolic capital by engaging cultural capital create the outlines of the visibility of (potential or new) entrepreneurs in industry. Such visibility replaces the financial resources needed to invest in traditional marketing and is a foothold of further accumulation of valuable forms of capital. Therefore, new entrepreneurs in the industry need to be encouraged to get involved in sharing knowledge by writing blogs and lecturing at conferences, and to participate in the organization of events and in the activities of industry associations. As stated, such practices contribute to building the firm's initial resource base. However, they also potentially stimulate the acquisition of entrepreneurial and managerial knowledge and skills by the technological ethos, helping him to cope with the world of entrepreneurship.²

² This paper is based on the research conducted as part of the doctoral thesis.

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