FAMILY FIRMS, SYMBOLIC CAPITAL AND VENTURING PROCESSES: EVIDENCE FROM SIX ITALIAN CASE STUDIES

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Purpose of the paper

In order to survive and compete in today's global economy, entrepreneurial initiatives should no longer be a peculiarity of nascent start-ups, but also an ongoing characteristic of existing and established organizations. This phenomenon is known as "corporate" entrepreneurship (CE) (Sharma & Chrisman, 1999).

Given family firms' unique concern for sustained regeneration and transgenerational succession (Nordqvist & Melin, 2010; Zellweger et al., 2012), as well as because of the role of family dynamics in the venture creation process (Aldrich & Cliff, 2003), CE scholars have recently found great interest for the case of family firms (Nordqvist and Melin, 2010; McKelvie et al., 2013). However, contradictory arguments and results still persist concerning the reasons behind family firms choice to perform an entrepreneurial initiative, how to perform it, as well as the outcomes of the initiative (Sciascia & Bettinelli, 2013; McKelvie et al., 2013).

In order to address these issues, we build on Bourdieu's theory of practice and on his conceptualization of capitals as the engines of actions within a given field (Bourdieu, 1986; Crossley, 2001). Particularly, in this paper, we investigate the role played by symbolic capital - "the form that the various species of capital [economic, social, cultural] assume when they are perceived as legitimate" (Bourdieu, 1989: 17) - in the definition of *whether* or not to perform a CE initiative, of *how* CE manifests at the venture's creation phase (i.e., internal venturing, external venturing), as well as in influencing the *outcomes* of the process (growth of the venture or exit decision).

Methodologically, we draw on a qualitative analysis of 6 case studies of Italian family firms.

Our preliminary results show that *changes* in firm's capital endowment (e.g. due to economic crisis, change in ownership because of succession or death, new regulations, …) shape the CE process. They also suggest a feed-back loop, namely family firms' capital endowment is, in turn, shaped by the entrepreneurial activities undertaken and their outcomes.

Overall, this paper aims to investigate the phenomenon of corporate entrepreneurship (CE) within family firms. Drawing on Bourdieu's theoretical perspective, we unveil the peculiar role played by symbolic capital.

Theoretical background

In the domain of entrepreneurship, scholars are increasingly interested in investigating the phenomenon of CE as the set of entrepreneurial activities and strategies that existing firms can leverage to prosper and grow (Kuratko, Hornsby, & Montagno, 1990; see also Fayolle et al., 2009). The overarching framework of CE, as suggested by Sharma and Chrisman (1999), comprehensively integrates innovation, corporate venturing and strategic renewal.

This paper focuses on corporate venturing (CV) as a specific type of CE which has recently received extensive scholarly attention (Covin & Miles, 2007; Narayanan et al., 2009).

> "Corporate venturing refers to corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. They may follow from or lead to innovations that exploit new markets, or new product offerings, or both. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense (e.g., a new division)." (Sharma & Chrisman, 1999: 19)

Corporate venturing can result in both internal corporate ventures (ICVs) and external corporate ventures (ECVs). ICVs are entrepreneurial initiatives that originate within a corporation and are intended from their inception as new businesses for the parent firm (Garrett and Neubaum, 2013). Although ICVs activities are located within existing organizations, they may be created in different ways, having different relationships with the corporate parent, involving different levels of innovation and differing in strategic importance. Therefore, ICVs may vary in at least four dimensions: structural autonomy, relatedness to existing business, extent of innovation, and nature of sponsorship (Sharma & Chrisman, 1999). ECVs, instead, are new businesses initiated outside the corporate enterprise, acquired and then integrated into the corporate organizational structure. Some examples of ECVs are those formed as result of joint ventures, spin-offs, and venture capital initiatives. ICVs and ECVs are intimately different. The former deals with developing the existing organization and building innovative and entrepreneurial capabilities inwardly, empowering employees, stimulating growth in the incumbent's core business, exploring radical technological innovation, or leveraging and exploiting existing resources and capabilities (Miles and Covin, 2002; Reimsbach and Hauschild, 2012). External corporate venturing, instead, aims at gathering quick returns from related and more lucrative markets (Miles and Covin, 2002; Tidd and Taurins, 1999), acquiring new competencies, and reducing risk, in terms of protection from unexpected technological change (Reimsbach and Hauschild, 2012). The underlying motives for internal (McGrath and Keil, 2007) and external (Dushnitsky and Lenox, 2005) corporate ventures are frequently implicit and undefined, which may stem from the absence of an accepted, explicit charter stating the corporation's strategy with regards to business renewal (Gee, 1994).

CE and CV scholars have recently found great interest for the case of family firms (Nordqvist and Melin, 2010; Greidanus, 2011; McKelvie et al., 2013). Family firms are defined as businesses "governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, & Sharma, 1999, p. 25). Family firms have unique investment horizons, risk aversion, diversification plans, and return aspirations as well as idiosyncratic managerial and governance processes (Chua, Chrisman, & Sharma, 1999; De Massis et al., 2012). Moreover, a distinctive characteristic of family firms, is represented by the interaction among the family, its individual members and the business which generate a unique bundle of resources and capabilities (e.g. social and human capital) - a construct known in the literature as "familiness" (Habbershon and Williams, 1999; Habbershon, Williams & MacMillan, 2003). Despite an increasing interest in the phenomenon of CE in family businesses, much remains unknown concerning the reasons behind family firms choice to perform an entrepreneurial initiative, how to perform it, as well as the outcomes of the initiative (Sciascia & Bettinelli, 2013; McKelvie et al., 2013).

In this paper, we build on Bourdieu's conceptualization of actors and of the different forms of capital at their disposal. The relational perspective suggested by Bourdieu has recently received increasing attention by management and organization scholars (Sieweke, 2014). Particularly, in the field of entrepreneurship a Bourdieuan relational perspective is recommended so to overcome the structure-agency dichotomy and the image of rational and self-sufficient human beings which still characterize it (Tatli et al., 2014).
Bourdieu claims that individuals are "socially constituted as active and acting in the field under consideration by the fact that they possess the necessary properties [capitals] to be effective, to produce effects, in this field" (Bourdieu & Wacquant, 1992).The key concepts of Bourdieu's theorization are field, habitus and capital. *Fields* are structured spaces of social positions defined by actors' capital endowment - namely, the overall volume of capital they possess and the relative weight of the

different forms of capital (Bourdieu, 1989). Field boundaries are defined by "a logic and a necessity that are specific and irreducible to those that regulate other fields" (Bourdieu & Wacquant, 1992: 97). According to Bourdieu, a field can be compared to a game in which actors - which have an interest to stay in the game (*illusio*; Bourdieu & Wacquant, 1992: 98) - play to increase or conserve their capital:

> "We can picture each player as having in front of her a pile of tokens of different colors, each color corresponding to a given species of capital she holds, so that her *relative force in the game*, her *position* in the space of play, and also her *strategic orientation towards the game*, what we call in French her 'game,' the moves that she makes, more or less risky or cautious, subversive or conservative, depend both on the total number of tokens and on the composition of the piles of tokens she retains, that is, on the volume and structure of her capital." (Bourdieu & Wacquant, 1992: 99)

Habitus refers to actors' enduring principles of judgment and practice (Emirbayer and Johnson, 2008):

> "Habitus is the strategy generating principle enabling agents to cope with unforeseen and everchanging situations […] a system of lasting and transposable dispositions which, integrating past experience, function at every moment as a matrix of perceptions, appreciations and actions and made possible the achievement of infinitely diversified tasks." (Bourdieu, 1977: 72, 95)

Where actors' dispositions are a reflection of their social position and, hence, of the forms and amount of capital at their disposal.

Capitals are the resources that actors draw on in order to enact their strategies, which advances or preserve their position within the field (Tatli et al., 2014). The key concepts of Bourdieu's theoretical perspective are strictly interrelated and as highlighted by the author: "capital does not exist and function except in relation to a field (Bourdieu & Wacquant, 1992: 101). In its theoretical formulation, Bourdieu identifies four forms of capital (Bourdieu, 1986). *Economic capital* refers to money, financial resources and, more in general to what is directly and immediately convertible into money (e.g. material assets). *Social capital* comprises all the actors' interpersonal relationships (e.g. ties with other actors, membership in formal or informal networks and groups) and the resources embedded in them. *Cultural capital* includes knowledge, skills, tastes and preferences (e.g. mannerism in speech, behavior and appearance) formally acquired through training and educational qualifications or informally through socialization) (Bourdieu, 1986).[1] The three

[1] "Cultural capital differs from economic capital in being transmissable only by means of an investment of time, which itself requires "distance from necessity"; it differs from human capital in being not an individual-level phenomenon, but rather, a subjectification of objective structures within

forms of capital previously mentioned contribute to the generation of the fourth one, namely *symbolic capital*: "the resources available to an individual on the basis of honor, prestige or recognition" (Bourdieu, 1984) or "any property (any form of capital whether physical, economic, cultural or social) when it is perceived by social agents endowed with categories of perception, which cause them to know it and to recognize it, to give it value." (Bourdieu, 1998: 47). Symbolic capital represents the ultimate basis of power and is especially significant "as both a stake and a weapon" in the dynamics of conservation or subversion of actors' position within a field (Emirbayer & Johnson, 2008: 12). Overall, it is actors' capital endowment which shapes their possibilities for action (Crossley, 2001: 87):

> "The strategies of agents depend on their position in the field, that is, in the distribution of the specific capital, and on the perception that they have of the field depending on the point of view they take *on* the field as a view taken from a point *in* the field." (Bourdieu & Wacquant 1992: 101)

The role of different forms of capital has been deeply examined by entrepreneurship scholars. Oliver (1997), for example, combines resource-based views of the firm (Barney, 1991) with insights from the new institutionalism in organization theory (DiMaggio & Powell, 1983, 1991; Scott, 1995) and suggests both resource capital - value-enhancing resources and capabilities of the firm - and institutional capital - contextual factors which can enhance or inhibit optimal use of resource capital - as relevant sources of sustainable competitive advantage. Furthermore, Lounsbury and Glynn (2001) conceptualize a process model of cultural entrepreneurship in which entrepreneurial stories mediate between extant stocks of capital - resource and institutional capital - and subsequent capital acquisition and wealth creation. Within this stream of literature, however, institutional capital is seen as detached from the other resources available to the entrepreneur. While researchers have recognized the importance of legitimacy and symbolic actions for new venture success (Zimmerman & Zeitz, 2002; Zott & Huy, 2007), the role of symbolic capital - as conceptualized by Bourdieu - in the entrepreneurial process has been neglected.

At the same time, the literature on family businesses mainly draws on a resource based view of the firm (see for example Sirmon & Hitt, 2003; Sharma, 2008) and

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the mind and body of the singular actor; and it differs from social capital in being the product, not merely of extant network ties, but, more deeply, of a person's life history, understood as the experience of and passage through a number of distinct social fields." (Emirbayer and Johnson, 2008: 25) focus on the role of social and human capital (Arregle, Hitt, Sirmon & Very, 2007; Sharma, 2008; Zahra, 2010; Pearson, Carr & Shaw, 2008). Social capital refers to "the goodwill and resources made available to an actor via reciprocal, trusting relationships" (Arregle et al., 2007: 73). In the peculiar context of family firms, we have to acknowledge the existence of two different but interconnected forms of social capital: family social capital, namely relationships and interactions among family members, and organizational social capital, that is family firm's relationships and interactions with external stakeholders (Zahra, 2010). Zahra (2010), for example, shows that family firms employ their organizational social capital to connect with new ventures. Human capital, instead, encompasses "knowledge, external abilities, emotional strength or carrying capacity, and intellectual capital of family and non-family members" (Sharma, 2008: 974). The peculiarity of human capital in family firms is related to the existence of dual relationships: as a matter of fact, family members are involved in both business and family relationships for both personal and professional reasons. This leads, for example, to extraordinary commitment by family members, development of tacit knowledge, but also to a limited number of highly qualified managers within the firm because of exclusive succession (Sirmon & Hitt, 2003). The uniqueness of family firms in both the accumulation and management of these resources can lead to a competitive advantage and to wealth creation (Sirmon & Hitt, 2003; see also Sharma, 2008).

Despite reputation being acknowledged as a critical concern for family firms (Deephouse & Jaskiewicz, 2013; Zellweger et al., 2013), the role of symbolic capital in their entrepreneurial process is still overlooked and the overall Bourdieu's theorization has not been fully recognized by family business scholars yet (Glover, 2013). The few existing contributions highlight that while cultural capital - generated through long-term exposure to and involvement in the family business - can be transferred from one generation to the next thus smoothing the generational transition, it is family firms' symbolic capital - namely "prestige and renown attached to a family and a name" (Bourdieu, 1977: 179) - that exerts a pressure to survive and continue (Glover, 2013).

This paper aims to explore the role of the different forms of capital and, particularly of symbolic capital, within family firms' CV processes. We speculate that symbolic capital plays a role within the CV process in the definition of *whether or not* to perform a CV initiatives, of *how* CV manifests at the venture's creation phase (i.e.

internal venturing, external venturing), as well as in influencing the outcomes of the process (growth of the venture, or exit decision). In our view, symbolic capital emerges as particularly salient in cases of *corporate* entrepreneurial initiatives, because in existing organizations (and differently from nascent start-ups) firm reputation has already been established and spillover effects from the venture could be upsetting for the mother company. Given their unique concern for sustained regeneration and transgenerational succession (Nordqvist & Melin, 2010; Zellweger et al., 2012) - or, by using Bourdieu's vocabulary, given their unique interest to stay in the game in order to build, preserve and increase their symbolic capital (*illusio*; Bourdieu & Wacquant, 1992: 98) -, as well as because of the role of family dynamics in the venture creation process (Aldrich & Cliff, 2003), family firms constitute a particularly suitable context in which to explore the CE phenomenon. Moreover, family firms are characterized by an additional level of analysis compared to other firms (individual, family, firm, industry, society). In our view, Bourdieu's relational perspective is a promising lens to investigate the phenomenon of CE in family business - even across multiple levels of analysis (Tatli et al., 2014) and hence to contribute to our understanding of how (family) firms survive over time.

Research method

We draw on qualitative data from 6 case studies of Italian family firms. Focusing on understanding the dynamics present within single settings, case study research strategy is particularly useful when a) the research questions are aimed at explaining "how" a certain phenomenon takes place, rather than highlighting causal relationships; b) when little is known about a social phenomenon; and c) when current perspectives seem inadequate or they conflict with each other or with common sense. In sum, a case study research design is particularly suitable when the aim of the researcher is to build theory, rather than to test it (Eisenhardt 1989; Eisenhardt & Graebner 2007; Pratt 2009; Yin 2009). Particularly, multiple cases allow for both within and cross-case analysis (Yin, 2009). Furthermore, qualitative approaches are considered useful within the entrepreneurship research field (Davidsson, 2004).

Case studies are identified through theoretical sampling (Glaser & Strauss, 1967) and chosen to have a comprehensive picture of all the possible alternatives concerning *whether* or not to perform a CV initiative, *how* to perform it (internally or externally) and the *outcome* of such initiative (see Figure 1).

[Insert Figure 1 about here]

The current sample is heterogeneous in terms of industry, size and age. All the firms are located in Lombardy (Northern Italy) and this allowed to conduct onsite interviews (see Table 1). The data collection effort has been made as part of a research project of national interest (*PRIN – programma di ricerca scientifica di rilevante interesse nazionale*), aimed at investigating corporate venturing, innovation and growth in the context of family firms. We are currently in the process of identifying family firms matching the criteria of the empty quadrants, that is family firms which did not perform a CV initiative in the last 10 years, family firms which successfully performed an external CV initiative in the last ten years (see Figure 2).

[Insert Table 1 and Figure 2 about here]

We began our data collection process by conducting semi-structured interviews with key executive managers (two for each case study). In choosing respondents we tried to maximize the variability in terms of mother company and venture managers, family and non-family members. The interview protocol consisted of 34 questions divided into 4 sections: description of the mother company and the venture (history, governance structure, goals and value proposition); actors (entrepreneurial and managerial team role and evolution); strategies (organizational networks, internationalization and innovation process); context and dynamics (organizational/industry life cycle, critical events, location choice, policy and regulations). Interviews were conducted in the second half of 2014 and lasted about one hour each. It was at this stage that we identified the prominent role played by symbolic capital within the corporate entrepreneurship process.

Furthermore, secondary data were collected for each case from the database AIDA (Italian Digital Database of Companies)[2] - namely financial and economic data, information on the ownership structure and the composition of the board of directors - local newspapers (consulting the database LexisNexis) and company's website. The combination of interviews and secondary data allowed triangulation of information.

[2] AIDA - Bureau van Dijk provides information on more than 500,000 joint stock, public and private limited share companies, and limited liability Italian companies (Spa and Srl). Companies furnish data on a compulsory basis. The information provided includes credit reports, company profiles, and summary financial statements (balance sheet, profit and loss accounts, and ratios). Each company's financial statement is updated annually. Information are also drawn from official data recorded at the Italian Registry of Companies and from financial statements filed at the Italian Chambers of Commerce.

We are abductively analyzing qualitative evidences (Peirce, 1931-1958; see also Suddaby, 2006; Reichertz, 2007), that is, data analysis is proceeding in stages, where specific theoretical ideas are developed alongside increasingly accurate mapping of the case. In other words, the interpretation of the data has not been finalized at an early stage, but new themes, dimensions and theories are developed and redeveloped in a recurrent way (Reichertz, 2007). Particularly, we are planning to make an additional round of interviews within the firms and to systematically analyze newspaper reports, social media reports, and annual reports in order to identify frequently recurring items related to the phenomenon under investigation. Given the specificity of family firms, that have an additional level of analysis, it will be interesting to map both *family* and *family firm*'s capital endowment.

Main findings

The analysis conducted so far on the qualitative evidences reveal the role of symbolic capital in the entrepreneurial process undertaken by family firms.

All kinds of capital where mentioned by the interviewees when describing the CV initiative, but in 5 out of 6 cases, symbolic capital was referred to as crucial for the creation and following development of the venture (see Table 1).

Reputation, indeed, play a crucial role within the CV process of cases A, C and F.

Moreover, the empirical evidences suggest that the CV process is shaped by *changes* - both increase or decrease - in actors' capital endowment. For example in both cases B and F the development of the venture was deeply influenced by changes in symbolic capital and, in case F, this led up to the decision of divest from the venture.

Finally, a feed-back loop has been observed. That is, changes in capital endowment shape - by enabling and constraining - the CV process and capital endowment is, in turn, shaped by it. In case C, for instance, the role of the venture in responding to stakeholders' pressures for environmental protection, improved the reputation of the mother company and legitimated the venture in the eyes of less supportive family members (see Table 1).

The final aim of this paper is to derive some propositions concerning the role of the different forms of capital and, especially, of symbolic capital concerning family firms' CV initiatives (whether and how to perform them, and their outcomes), as well as the effect of these entrepreneurial activities on firms' capital endowment.

Contributions

Despite CE being a growing area of interest for many scholars - both in general and with specific reference to the context of family firms -, it is still characterized by definitional issues, contradictory results and could be further enriched by adding insights from different perspectives and disciplines (Fayolle et al. 2009; Nordqvist and Melin, 2010; Corbett et al., 2013, Jennings et al., 2013; McKelvie et al., 2013). In order to address these issues, in this paper we build on Bourdieu's theory of practice. The relational perspective suggested by Bourdieu allows to overcome the view of CE as a strategic answer given by rational actors to market or institutional pressures (e.g. intense competition, rapid technology change or shorter product life cycle; Kuratko, 2010) and to introduce a more collective or socially constructed notion of rationality which is still missing in the debate of CE (Lounsbury, 2008; Jennings et al. 2013; Tatli et al., 2014).

The present work extends existing reasoning on combining resource-based and institutional views (Oliver, 1997; Lounsbury and Glynn, 2001) to the area of *corporate* entrepreneurship. In so doing, our paper contributes to CE literature by highlighting the interconnection of resource and institutional capital and by including *symbolic* aspects. Accordingly, we investigate the role played by symbolic capital in the definition of *whether* or not to perform a CE initiatives, of *how* CE manifests at the venture's creation phase (i.e., internal venturing, external venturing), as well as in influencing the *outcomes* of the process (growth of the venture or exit decision).

Furthermore, by acknowledging that it is actors' capital endowments which shapes their possibilities for action (Crossley, 2001: 87), we specifically argue that *changes in capital* shape CE processes. Accordingly, we contribute to the entrepreneurship debate by highlighting that changes in - and not only stocks of (Lounsbury and Glynn, 2001) - capital endowment enable and constrain the CE process. Capital endowment is, in turn, shaped by the entrepreneurial activities undertaken (Dacin, Oliver & Roy, 2007).

By observing the CE process undertaken by family firms we also contribute to family business literature. While extant family business research, and especially the one on CE, adopt a resource based view of the firm and focuses on resource capital and particularly on social capital (see for example, Sirmon & Hitt, 2003; Zahra, 2010; Pearson, Carr & Shaw, 2008), we highlight that most of the antecedents of CE in family firms are attributable to displacing events affecting firms' capital endowment, with the latter including *symbolic* capital. CE emerges thus as an organizational response to these changes.

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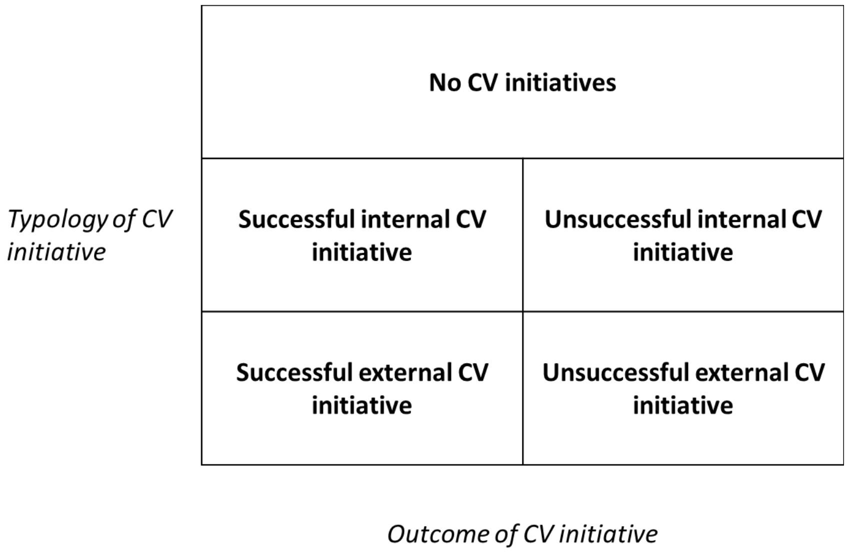

Figure 1. Criteria for theoretical sampling

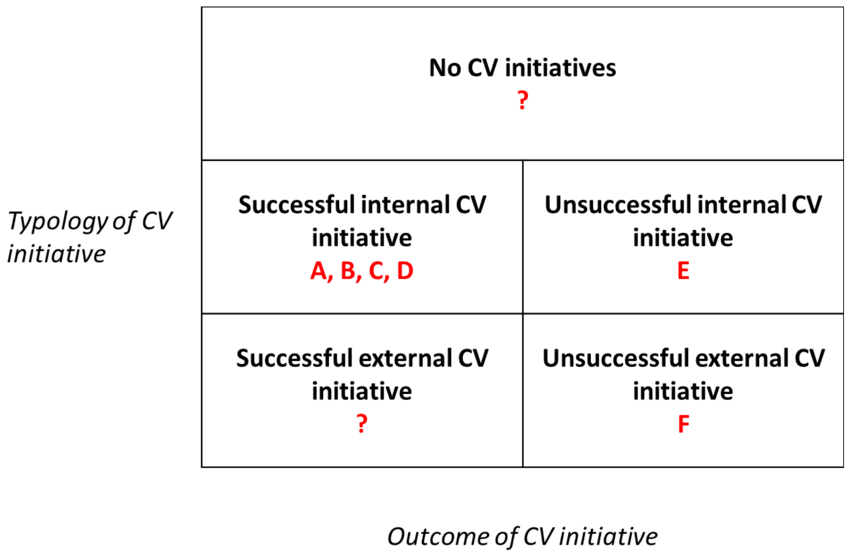

Figure 2. Criteria for theoretical sampling & case studies

Case Study	Ateco Industry (mother company)	Foundation year	Turnover (2013)	# employees (2013)	Generation in control	Ateco Industry (venture)	Year of the venture creation	Type of CV (*)	Outcome (**)	Role of capitals in the CV initiative
A	309120 Manufacture of accessories and spare parts for motorcycles	1973	40 ML €	200	1st and 2nd	464940 Wholesale sporting goods (including bicycles)	2011	I	+	Mother company's reputation is mentioned as crucial for the creation of the venture
B	272000 Manufacture of batteries and electric accumulators	1980	38 ML €	120	1st and 2nd	271100 Manufacture of electric motors, generators and transformers	2007	I	+/-	Government incentives are mentioned as crucial for the creation of the venture (the disappearance of the latter is then crucial for the following development of the venture)
C	132000 Weaving	1876	130 ML €	730	5th	351100 Production of electrical energy	2011	I	+	Reputation of the mother company, state regulation for the industry and stakeholders' pressures for environmental protection are mentioned as crucial for the creation and following development of the venture
D	289100 Manufacture of machinery for metallurgy	1985	12 ML €	50	2nd	251100 Manufacture of metal structures and parts of assembled structures	2010	I	+	Mother company's social capital is mentioned as crucial for the creation and growth of the venture
E	701000 Holding companies engaged in management activities	2004	300 ML € (***)	1400 (***)	1st and 2nd	245300 Casting of light metals	2005	I	-	An organizational culture based on a family logic together with regional incentives are mentioned as crucial for the creation and following development of the venture (sale of the majority of shares)
F	257312 Manufacture of interchangeable parts for machine tools	1984	80 ML €	200	1st and 2nd	N/A because the firm is in Spain (nautical industry)	2011	E	-	One of the declared goals of the venture is to increase mother company's social capital. The venture loss in reputation is mentioned as crucial for the following development of the venture (exit decision)

Table 1. Summary of case studies

* "I" = internal; "E" = external
** "+" = successful venturing initiative; "-" = exit or sale of the majority of shares; "+/-" venture turnover initially high, but then decreasing
*** consolidated figures