

# ENTREPRENEURS' SOCIAL CAPITAL IN STRUGGLES WITHIN MARKET FIELD: THE CASE OF THE CROATIAN SOFTWARE INDUSTRY

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## Abstract

*By understanding social capital as a link between the concept of social embeddedness and networking, this paper seeks to contribute to the understanding of the high-tech entrepreneurship process as a socially situated and influenced practice. Through in-depth examination of Croatian entrepreneurs in the software industry, we address the issues of which manifestations of social capital are significant in certain aspects of the entrepreneurial process and how entrepreneurs mobilize them in the competition for economic and other valuable resources on the "social stage". In terms of methodology, the research uses techniques and procedures of the constructivist grounded theory. Empirical data were collected through in-depth face-to-face interviews with 77 respondents from 70 Croatian companies and a search of relevant secondary data sources. The analysis of the empirical material was carried out using initial,*

*focused and axial coding techniques, accompanied by theoretical sampling and the application of the constant comparison method. Results of the research, articulated by the conceptual tool of Bourdieu's theory, show that social capital is manifested in a wide range of network formations and such network is modified by the development progress of the company. In general, a rich reservoir of social capital facilitates the entrepreneur's search for financial resources and supports the construction of a base of cultural and symbolic capital, with informal networks and acquaintances of entrepreneurs standing out for their ease of conversion to other forms of capital.*

**Key words:** social capital, networking, social embeddedness, Bourdieu's theory of practice, market field, internationalization, software entrepreneurship

## 1. INTRODUCTION

The entrepreneurial process has long been considered not an act of an individual, separated from the environment, but a sum of economic actions, shaped by the dynamic relationship between the individual

and the "world" to which they belong. Such a research lens, known as the social embeddedness of entrepreneurship, implies respect for the nature, depth, and scope of social networks related to entrepreneurial activity (Anderson & Jack, 2002; Anderson

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& Miller, 2003; Davidsson & Honig, 2003; Anderson et al., 2007; Gedajlovic et al., 2013; Stam et al., 2014; Dodd Drakopoulou et al., 2016). Networks of entrepreneurs and companies in the broadest sense can be understood as “*an independent form of social interaction that is determined neither by the type of market nor by the type of hierarchy*” (Kolaković, 2010, p. 91). They imply a structure of connections between different actors and entities (Kolaković, 2010), which, in all the various manifestations (formal, informal, strong, weak, closed), represent a very important element of the entrepreneurial process. Their scope and nature affect the recognition of entrepreneurial opportunities, stimulate the realization of entrepreneurial intent, represent a way to provide emotional support for new entrepreneurs, as well as, at different stages of business development, facilitate the collection and mobilization of other forms of entrepreneurial capital. In this context, it is not surprising that the concept of social capital (as a mechanism for developing understanding of the processes and outcomes of social interactions within networks, at different levels of analysis, and different sets of social situations) has not been saturated within entrepreneurial empiricism, even after decades of study (Anderson & Jack, 2002; Anderson & Miller, 2003; Davidsson & Honig, 2003; Anderson et al., 2007; Gedajlovic et al., 2013). Moreover, new approaches to its empirical engagement have been recently developed, based on qualitative, relational analyses that are congruent with the dynamic nature of the entrepreneurial process and respect the subtlety of the phenomenon (e.g. Anderson and Jack, 2002; Lechner & Dowling, 2003; Maurer & Ebers 2006; Anderson et al., 2007; Anderson et al., 2010).

Using Bourdieu’s concepts of field and capital (1977, 1985, 1986), in this paper

we seek to develop an understanding of the practices, which entrepreneurs use to acquire and engage different forms of social capital within the relational space of the market. Through an in-depth examination of Croatian ICT entrepreneurs, we want to find out which manifestations of social capital are significant in certain aspects of the entrepreneurial process and how entrepreneurs mobilize them, in the competition for economic and other valuable resources on their “social stage”. As an introduction to the research objectives, we will be looking at the conceptual understanding of social capital and provide an overview of current knowledge about the role of social capital in high-tech entrepreneurial ventures.

## 2. SOCIAL CAPITAL AND ENTREPRENEURSHIP

### 2.1. The concept of social capital

According to Robert D. Putnam (2000), “*social capital is made up of connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them*” (Putnam, 2000, p. 19). Such connections can be more or less (in)formal and are manifested in various forms, sizes and purposes, from the family community, the “poker team” and the online chat group to civic associations and professional organizations. They improve the communication and coordination of networked individuals and enable the resolution of potential dilemmas related to collective actions. By domesticating the sense of belonging, they transform this “I” into “we,” act as mitigators of opportunistic stimuli, and through the embodiment of past collective successes, create a cultural template for future collaborations (Putnam, 1995, 2000). In doing so, the effects of social capital, embodied in such relationships,

whether positive or negative, are external in nature, since they are often transferred from the micro level of sociability to the wider social space. In this context, the ideal platform for the creation of social capital is a community of local character and a related form of association, with the potential to connect the social tissue (Ignjatović & Tomanović, 2011).

In addition to recognizing formal and informal social capital, Putnam (1995, 2000) makes a distinction between its bonding and bridging manifestation. Bonding social capital refers to a form, based on strong ties, relying on emotional support, closeness, a sense of security and belonging. It is marked by the mobilization of solidarity and the pursuit of increased loyalty and group homogeneity, and is predominantly associated with primary social communities, such as family and intimate friends. The bridging form of social capital (bridging social capital) is realized in the form of weak ties that imply mobility outside the given socio-cultural framework. An example of the accumulation of this type of capital are the connections of actors with "distant" acquaintances, who are not part of their permanent milieu and are marked by a different socio-cultural (racial, ethnic, class) profile. The importance of this form of social capital is manifested in the ability to access "external" resources, increase the information base of individuals, but also to strengthen the potential for participatory action within the wider community and create "bridges" that connect differences (Putnam, 2000; Ellison et al., 2007; Krolo, 2015). Putnam (2001) emphasizes the importance of all forms of association that can bridge and connect social actors, including structural, cognitive and relational capital, most commonly used in the conceptualization of social capital. The structural dimension concerns the properties of the social system

and of the network of relations as a whole (Nahapiet & Ghoshal, 1998). Cognitive social capital (Nahapiet & Ghoshal, 1998) is a result of mental processes and ideas, influenced by culture and ideology, which generate values, attitudes and beliefs. Structural and cognitive social capital are complementary in the aspect, in which structures help in translating norms and beliefs into a well-coordinated and goal-orientated behaviour (Uphoff, 1999). The relational dimension concerns the kind of personal relationships people have developed with each other through a history of interactions (Nahapiet & Ghoshal, 1998).

Along with Putnam, the epithet of the "canonical" theorist of social capital belongs to the French philosopher and sociologist Pierre Bourdieu (Ignjatović & Tomanović, 2011). From his point of view, planted on the ideas of constructivist structuralism (Ignjatović & Tomanović, 2011), social capital can be understood as the aggregate of the potential or actual resources of actors or groups, created on the basis of permanent, more or less institutionalized networks of relationships of acquaintance or recognition (Bourdieu, 1980, pp. 2; Bourdieu, 1986, pp. 88; Bourdieu & Wacquant, 1992, p. 119). Such relationships are maintained through material and/or symbolic exchanges, based on establishing and maintaining proximity of actors within the physical (geographical), economic or social space and may be manifested by belonging to different groups (such as family, tribe, social class or political party) (Bourdieu, 1986). As noted by Bourdieu (1986), the volume and quality of social capital are determined by the size of social networks that an individual manages to effectively mobilize and the quality of relationships within networks (Bourdieu, 1986; Portes, 1998; Masciarelli, 2009). The gains, resulting from such relationships, create

and gradually reinforce a sense of solidarity among the actors involved, although this does not necessarily mean their awareness, even when it comes to formalized, intentionally established social groups. Namely, in such concentrations of social capital, material profits per actor are often obvious, but sometimes they are accompanied by unconscious symbolic gains (such as prestige, arising from belonging to a particular group) (Bourdieu, 1986). In doing so, differences in the degree of control over social capital by different actors may explain why the same amounts of economic and cultural capital result in different power relations of actors within the social structure (Siisiäinen, 2000). In this sense, from a profit or gain perspective, network relationships are actually the product of individual or collective, conscious or unconscious investment strategies, whether based on subjectively sensitive enduring obligations (such as gratitude, respect, and friendship) or institutionally organized guarantees (Bourdieu, 1986).

Social capital is only one resource manifestation, within the wide range of forms of capital recognized by Bourdieu's theory (1977, 1985, 1986). Rejecting the philosophical-anthropological foundations of economism (Desan, 2013), in addition to social capital and economic capital (physical property and money), Bourdieu (1986) introduces cultural capital (cultural goods such as knowledge, skills and manners) and symbolic capital (positive reputation, honour, prestige) (Bourdieu, 1986; Swartz, 1997; Fanuko, 2008; Desan, 2013). As he adds, understanding the game of overpowering and domination of different actors can only be complete, if capital is considered in all manifestations and if the regularities, by which one form of capital is transformed into another form are examined, taking into account the characteristics of the social

arena of capital exchange and consumption (Bourdieu, 1986, p. 84; Fanuko, 2008). The scene of the competition for valuable resources, or field, is a mode of Bourdieu's understanding of social structure (Bourdieu & Wacquant, 1992). The field is a relational category, an arena of power, composed of a dynamic network of relationships between individual and collective actors and groups (Swartz, 1997; Kalanj, 2002; Fanuko, 2008; Šmaguc & Vuković, 2017). Cultural, academic, political, sports and business fields are just some of the possible fields, with specific forms of domination, within which the actors are led by different reasons, special diligence and the recognition of the game and the role. In fact, there are as many fields as there are interests, with all of them being in a certain hierarchical position (Bourdieu, 1985; Kalanj, 2002; Fanuko, 2008; Šmaguc & Vuković, 2017).

In the field of entrepreneurship, the capital transformations discussed by Bourdieu (1986) are an ongoing and natural process (Pret et al., 2016). For example, the conversion of economic into other forms of capital is possible through investment in elite education (cultural capital) and access to related social networks (DiMaggio, 1979; Pret et al., 2016). Social capital, though formed in formal and informal networks of entrepreneurs, is crucial in securing the financial resources of enterprises (for example, it facilitates access to subsidized entrepreneurial loans, makes advice about investments more accessible, etc.) (Portes, 1998). It is, also, important in attracting potential clients (Liao & Welsch, 2003; Anderson et al., 2007) and entering protected markets (Portes, 1998), which actually manifests its conversion into economic capital (Anderson & Miller, 2003; Davidsson & Honig, 2003; Batjargal, 2007; Jonsson & Lindbergh, 2013; Pret et al., 2016). In addition, an entrepreneur can engage social

capital in acquiring cultural capital (for example, contacts with experts in a particular field can enrich his business manners, while connecting with reputable institutions potentially facilitates his acquisition of formal certificates) (Portes, 1998).

## 2.2. The role of social capital in high-tech entrepreneurial ventures

Companies in high-tech industries are a particularly fertile ground for studying the role of social capital in the entrepreneurship process. As stated by Anderson et al. (2007), the establishment of high-tech enterprises is often not the result of an individual's isolated action, but is the product of an initiative of a highly qualified team, composed of individuals of complementary technical and commercial skills. Thus, the genesis of such enterprises is a complex process, dependent on the nature and structure of relationships between members of the entrepreneurial team (Anderson et al., 2007). In addition, these enterprises are special, because many of them are a part of the technological "subculture", marked by a unique set of norms and sanctions. Due to isomorphic effects, membership in such "subculture" results in the creation of cognitively specific relationships with other enterprises, recognizable by elements, such as unique narratives, communication codes, and systems of meaning common to industry members (DiMaggio & Powell, 1983; Liao & Welsch, 2005).

When compared to non-technological enterprises, the specificity of technological entrepreneurial ventures is also their stronger orientation towards continuous learning and accumulation of external knowledge. In this regard, they rely more dominantly on what Nahapiet and Ghoshal (1998) call the relational dimension of social capital: trust and reliability in relationships (Liao

& Welsch, 2005). Relational embeddedness acts as a facilitator of a freer and more intensive exchange of non-redundant tacit information, which is important in the innovation processes. Given their nature, it is not surprising that the networks of these entrepreneurs rely more heavily on informal communication channels and are more focused and less dispersed than networks of non-technology companies (Liao & Welsch, 2003; Anderson et al., 2007).

In the context of the analysis of the nature of networks within industries, based on technological knowledge, in addition to the above, the importance of the physical proximity of companies and their geographical concentration is also emphasized. The close proximity of related companies facilitates frequent face-to-face communication between actors, and this also contributes to the exchange of contextually specific, implicit knowledge, by encouraging the creation of specific "innovative milieu". In the world of rapid technology development, this is extremely important, because part of the technological knowledge is so tacit that it cannot be codified, and when it is subject to codification, the physical proximity of the company stimulates its overflow before it reaches the public domain (Anderson et al., 2007).

In technology-intensive entrepreneurial ventures, it is important to consider social capital "from the perspective of expanding the business to foreign markets. ICT companies often operate within a specialized market niche, characterized by domestic market constraints and consequently by global orientation, so the realization of growth often requires internationalization at a very early stage of their life cycle (Keeble et al., 1998; Johnson, 2004). For this reason, high-tech small and medium enterprises are more often than other companies

involved in activities that facilitate and accelerate their expansion into foreign markets, including creating collaborations with business partners, customers, suppliers and institutions such as universities and colleges. In this regard, it is appropriate to point out the difference between the high-tech entrepreneurial ventures that are limited by sales and research activities to cramped domicile markets and those operating in foreign markets, in terms of their tendency to build different network relationships. The latter, as empirically determined by Keeble et al. (1998), are more inclined to network with universities and researchers within the scientific community and other companies in the same industry, regardless of whether they are networks of local, regional or international character. In fact, it seems that the internationalization and building of strong international ties does not seem to weaken high - tech companies, but strengthen their anchorage in local networks, especially those motivated by collaboration with other companies and local universities in the field of research and formal and informal intra-industry information transfer, expertise and workforce (Keeble et al., 1998).

As the presented elaboration indicates, the path of success of a high-tech entrepreneurial venture is paved by the engagement of multiple forms of social capital, from those based on strong ties to formal partnerships and alliances. However, it is reasonable to assume that certain network formations are not equally significant in the context of acquiring economic, human and other resources at certain stages of business activity and within different national environments. In search of answers to the questions of what forms of social capital influence the entrepreneurial activity of Croatian ICT entrepreneurs and how entrepreneurs mobilize them in the market struggle,

we conducted empirical research among entrepreneurs in the software industry. Conceptually relying on Pierre Bourdieu's theory of practice (1977, 1985, 1986), we examined the social capital of an entrepreneur, from the perspective of the ability to transform it into economic, cultural and symbolic capital, within the field in which the entrepreneur operates. More precisely, in accordance with the initial ideas and the operationalized conceptual framework, the research sought to achieve the following goals:

1. Examine, identify and describe forms of social capital among entrepreneurs in the Croatian software industry;
2. Examine, identify and describe the practices, by which entrepreneurs in the Croatian software industry engage social capital, in order to acquire other types of capital (economic, cultural and symbolic) within the field of domestic and international markets.

The activity of computer programming in the Republic of Croatia is a fertile ground for examining the stated research goals. In accordance with the review of the selected business indicators (Table 1), in recent years the industry has been characterized by a steady growth, expressed in the number of companies and employees, both in absolute and relative terms. Companies in this industry keep generating an increasing total turnover and they record a steady increase in wages and salaries per employee, which exceed the wages and salaries paid at the level of the total economy by about one third on average (Republic of Croatia - Central Bureau of Statistics, 2010, 2011, 2013, 2015, 2017, 2020a, 2020b). In addition, despite continuous fluctuations since 2008, the business is increasingly profitable, with an increase in gross profit margin and gross return on assets, which in 2015

rose to 10.26% and 13.20%, respectively (Financial Agency, 2017). Accordingly, it can be assumed that this is a highly propulsive and profitable industry in the field of

high technology, which is very promising in the segment of profitability growth and is attractive for employment, in terms of paid salaries.

**Table 1.** Overview of selected business indicators in division J62 (NKD 2007)

Indicator /Year	2008.	2010.	2012.	2014.	2016.	2018.
Number of companies	2.489	3.020	3.110	3.497	3.943	4.648
Share of companies*	1.49%	1.82%	2.09%	2.37%	2.67%	3.03%
Number of employees	9.554	11.433	12.664	14.754	16.422	20.998
Share of employees*	0.82%	1.06%	1.26%	1.41%	1.65%	2.03%
Turnover (in thousands of HRK)	4.764.897	5.113.785	5.758.526	5.712.775	7.100.479	10.582.780
Turnover share*	0.69%	0.89%	1.02%	1.00%	1.16%	1.52%
Salaries and wages per employee (in HRK)	99.983	104.789	113.994	111.667	117.759	138.125

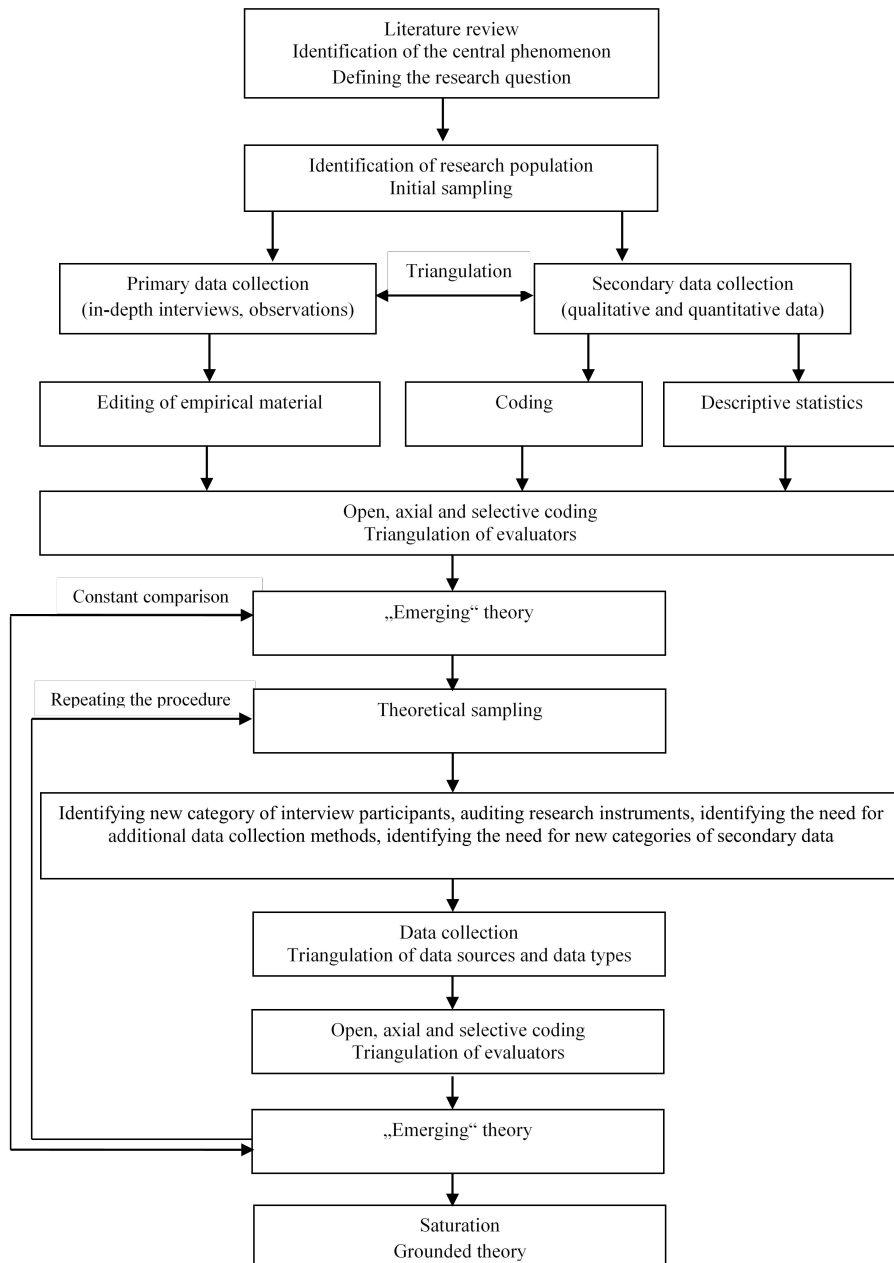
\* Share of companies, employees and turnover of the division J62 in the total number of companies, employees and turnover of non-financial sector of the Republic of Croatia

**Source:** own calculation according to the data of the Central Bureau of Statistics of the Republic of Croatia (Republic of Croatia – Central Bureau of Statistics, 2010, 2011, 2013, 2015, 2017, 2020a, 2020b)

### 3. METHODOLOGY

Guided by research goals and the adopted constructivist paradigm (Guba & Lincoln, 1994), from the aspect of methodological approach, the research is based on qualitative inquiry. Specifically, within a wide range of qualitative methods, the techniques and procedures inherent in the constructivist grounded theory, were applied in this study (Charmaz, 2006). The grounded theory is a qualitative method, based on a combination of inductive and abductive approaches (Reichertz, 2007;

Strübing, 2007) which implies “*the process of generating/creating a theory from data or, in other words, the grounding of theory in data*” (Jeđud, 2007, p. 85; Šmaguc & Vuković, 2016, p. 6). In the field of economics, the method is applied in a wide range of research topics, most commonly in management, entrepreneurship and marketing (Finch 2002; Goulding 2002; Mäkelä & Turcan 2004; Mäkelä & Turcan 2007). The basic features and procedures of the grounded theory are presented in the illustration of research design (Figure 1).



**Figure 1.** Graphic representation of the research design

*Source:* Šmaguc & Vuković, 2016, p. 12



The suitability of the method derives from the compliance of its characteristics and purpose with the desired research outcome. The research seeks to generate completely new theoretical knowledge about the social capital of Croatian entrepreneurs, based on a creative approach in which researchers are not constrained by defined hypotheses and assumptions of existing theories (Coleman, 2006; Cho & Lee, 2014). Additionally, unlike other qualitative methods, the grounded theory is characterised by a large number of analytical procedures (Charmaz, 2006). Although not linear, the data collection and analysis process is clearly structured, involving a number of analytical techniques. It is quite rigorous and has clearly defined evaluation criteria. This implies that research results can be evaluated, and the developed theory is subject to testing (testable theory) (Fernández, 2003). Therefore, despite its disadvantages (complexity of the method application process, uncertainty related to achieving theoretical saturation, risk of failure to generate theory, time and energy consumption, difficulties in planning time frame of research) (Cho & Lee, 2014), grounded theory was chosen as the most suitable qualitative method for this research.

Primary data were collected by conducting in-depth interviews with entrepreneurs, i.e. directors or presidents of management boards of active companies registered in the Republic of Croatia, whose main activity is "Computer programming, consultancy and related activities" (J62.0 according to the National classification activity/NKD 2007). The initial selection of respondents for the sample was carried out, according to the principle of mixed purposeful sampling (Patton, 2002) based on a combination of a convenience sample, a chain sample and a purposeful random sample. Sampling in further phases of the research was implemented in accordance with the rules of forming a theoretical sample (Patton, 2002). The total sample, ultimately, included 77 respondents from 70 companies, with headquarters in 11 regional self-government units, throughout the Republic of Croatia (Table 2). In accordance with the principles of the grounded theory method, the size of the sample was determined according to the criterion of achieving theoretical saturation (Glaser & Strauss, 2012).

**Table 2.** Interview participants and companies involved according to regional self-government units

Regional self-government unit	Share of enterprises from the county in the total population in 2014	Number of respondents*	Number of enterprises*	Share of enterprises
City of Zagreb	53.36%	37	33	47.14%
Primorje-Gorski kotar County	6.51%	11	9	12.86%
Split-Dalmatia County	6.82%	6	6	8.57%
Osijek-Baranja County	3.43%	6	5	7.14%
Istria County	4.26%	4	4	5.71%
Varaždin County	3.67%	4	4	5.71%
Međimurje County	2.42%	3	3	4.29%
Koprivnica-Križevci County	0.83%	3	3	4.29%
Karlovac County	1.42%	1	1	1.43%

Zadar County	1.11%	1	1	1.43%
Virovitica- Podravina County	0.35%	1	1	1.43%
TOTAL	84.18%	77	70	100.00%

\* The number of respondents differs from the number of companies included in the research since five interviews were conducted in the form of a group interview in which two (three interviews) and three respondents (two interviews) participated.

**Source:** Own research and the Financial Agency data (Financial Agency, 2017)

All interviews were conducted in person, face to face, with 39 interviews conducted on the company's business premises, 15 were held in a cafe near the company's headquarters, 14 of them were conducted via Skype, while two were conducted in the researchers' offices. The longest interview lasted 120 minutes and the shortest 33 minutes. The average duration of an interview was 66 minutes. With the prior consent of the respondents, each interview was recorded, by using a sound recording device, after which credible transcripts for analysis purposes were produced. In order to ensure the confidentiality of the data and protect the anonymity of entrepreneurs in the handling of the collected data, each respondent was provided with a statement of ethics before the interview. Accordingly, when presenting the results of the research, the names of the respondents were replaced by pseudonyms.

According to Glaser's criterion "*all is data*" (Glaser & Strauss, 2012), in parallel with conducting in-depth interviews,

qualitative secondary data on primary research participants were collected. These are all relevant data on the entrepreneur and the company that were available through the online media at the time of the search, and which were estimated to contribute to the examination of research objectives (for example, data on the appearance and content of news about the company and the entrepreneur in online media, data on the activities of entrepreneurs on social networks, participation and/or organization of conferences and other meetings in business and entrepreneurship, etc.). Data collection was performed by searching web pages available via the Google Internet search engine by entering the key terms "name and surname of the entrepreneur, company name". After a comprehensive internet search, the qualitative content was read, on the basis of which a report on the available qualitative secondary data was formed for each company. In the data analysis phase, the secondary data contained in the accompanying report were triangulated with the primary data.

**Table 3.** Illustrative clip from the initial and focused coding - identification of forms of social capital

Forms of social capital (Josip, 36, Osijek)		
Interview clip	Code	Category
<i>By the way, let me just say... We have a very good relationship with FOI. Recently, we've been to what it is called... [Career Day]</i>	cooperation with the faculty	networks in the academic field
When I was at college, I founded company X together with two other colleagues, that is in 2003.	partnership with colleagues	personal networks
Well, that means we are going back to Osijek Software City, yes. It means that I am quite frequently in contact with other local business owners and with competitors from our Magento world.	<i>Osijek Software City</i>	associations in the field of activity

**Source:** Own research

Manual analysis of the empirical material began with listening to the audio content, repeated reading of the written transcripts, and formatting thousands of initial codes (Tables 3 and 4). In accordance with the principles of the constant comparative method, line-by-line coding of empirical material was accompanied by repeated reading and intensive reflection on what the data say, continuous return to what was previously read and constant comparison of new data with previously examined data and generated codes (Charmaz, 2006). The initial coding was followed by a focused coding procedure which identified the most significant and most common ones among

the initial codes, then grouped into more abstract units, i.e. categories (Charmaz, 2006). Finally, by axial coding, data are re-connected through the process of determining the relationships between data within a particular category and the relationships between the categories themselves (Corbin & Strauss, 2015). The analysis of the data was carried out until reaching “a state in which it is not possible to find additional data that would enable further development of the examined categories” (Šmaguc & Vuković, 2016, p. 7). This is the previously mentioned criterion of theoretical saturation as an integral element of the grounded theory (Glaser & Strauss, 2012).

**Table 4.** Illustrative clip from the initial and focused coding - identification of social capital engagement practices in creating other forms of capital

Engagement of social capital in the creation of...		
... economic capital	... cultural capital	... symbolic capital
<p>... for this one job in Kuwait that we were doing, we had been recommended from four sides, from that CISEx. So, four different companies that knew we were good recommended us to that client to do business with us. It means that over time, of course, [networking] has some effect in, let's say getting jobs. (Nino, 37, Zagreb)</p>	<p>Yes, yes definitely! That's why more or less we all gathered in these groups to share knowledge about games in entrepreneurship in Croatia and so on because it's primarily... this... why I'm here, to see what others are doing, how others have organized their businesses, what contacts they have and how they deal with the administration in Croatia. (Sandro, 31, Zagreb)</p>	<p>... we applied for a license to make WordCamp Croatia... it is the central Word-press conference in Croatia... we did it in Rijeka, where we got local support... I don't know... they allowed us to use the theatre where we held the conference... 160 people came from Croatia and from the surrounding countries, we had lectures ... So that's the way how you can get involved... (Bruno, 34, Pula)</p>
<p>... We made an agreement with a Canadian agency that is looking for jobs in the Canadian market for us because we have... There are jobs in Croatia, but for the same job... in the Canadian market we can invoice almost twice as much... for the same type of service... (Marko, 33, Zagreb)</p>	<p>...one aspect is the network itself and it is that zero aspect why you go into such associations, you socialize with those who are similar to you and have similar problems and you discuss together... meaning you learn from someone else's experience... it is much cheaper than learning from your own experience and your own mistakes... (Hrvoje, 33, Split)</p>	<p>Last year we organised a conference here at Cinestar Arena, we saw some good results here for the first time! The fact is that we are quite invisible due to the [nature] of the work we do... (Danijel, 42, Zagreb)</p>

Source: Own research

## 4. RESEARCH FINDINGS

### 4.1. Strong informal ties as drivers of sensitive stages of the entrepreneurship process

The market, as a relational space of struggle for sales opportunities (Swartz, 1997), is an arena for testing power that is predetermined by the amount and structure of existing enterprise resources. Each actor is aware of their position regarding the current size and finds rivals among companies of a similar profile in terms of number of employees and other key resources: ... *we are a company of 15 employees... The system where small fish eat small fish, big fish eat big fish. We can, for example, apply for a software tender for a large company... We will not get it, just because we have such a small number of employees, for example, regardless of the fact that our software may be better and things like that, but we do not have that logistical support that could provide for the introduction of something like that, for which you might need 20-30 people to go there on the spot and do it...* (Stjepan, 50, Osijek)

Key resources also include specialized expertise, which is perfected within a narrow (market) niche, rather than a dispersed and wide market space. However, the search for unsaturated market space and positioning in a niche is not a short and simple process. Rather, it is a painstaking journey of multiple trial and error, testing different product and service combinations for diverse segments, to finding one that promises stability and growth - which is *untapped*, as Robert (30, Zagreb) puts it, in order to interpret the process of discovering a niche of computer games for women where, after a long search, his company was successfully positioned.

In addition to the search for a market niche, often driven by the previously accumulated contextual experience of

entrepreneurs in industry, the early stages of the market struggle are marked by the lack of newcomers' legitimacy and challenges of gaining it in the eyes of clients (Zimmerman & Zeitz, 2002; Wiklund et al., 2010). These challenges are typical of each-newcomer, regardless of the market orientation of the company (domestic, regional, international market), they are in the words of Jure (34, Zagreb) *a ditch digging job*, in which, as Dušan (36, Zagreb) confirms, beginners require multiple, sometimes discouraging attempts to explain the company's capabilities and prove its intrinsic quality: *...it was extremely difficult, we started, we had neither a name nor a surname. It was basically the period that was the worst, at least for me in my life, my business life. When you basically come to a client and see that you can do something for him, you know you can do something for him, but you know you have no chance, none... to get that job when he asks you, what have you been doing? Which company have you worked for? You haven't worked for any... So, that period means, if you manage to get through, then after that it goes much more elegantly.* (Dušan, 36, Zagreb)

Since the early stages of a young company's business are characterized by a scarce resource base (mainly related to the lack of business networks and reputation) (Zott & Huy, 2007), entrepreneurs compensate for the poverty of the company's inherent resources with social capital, emerging in personal networks. Strong ties, anchored in the family and the community of close friends, together with emotional support are a source of advice in the early stages of business and initial financial capital (Davidsson & Honig, 2003; Liao & Welsch, 2005; Ferri et al., 2009; Morić Milovanović & Mikić, 2012). Moreover, for some entrepreneurs, personal networks have resulted in pooling resources, forming a team and jointly

realizing entrepreneurial intent. Such an association, no matter if it is an entrepreneurial team composed of friends, spouses or brothers, usually implies conscious merging of the technological habitus with the entrepreneurial one, and this facilitates balancing the requirements of the multiple fields, in which the enterprise is embedded (Spigel, 2013) and accelerates what De Clercq and Voronov (2009a, 2009b, 2009c) call "fitting in" of a newcomer into the field of entrepreneurship.

Later, with the gradual accumulation of the bridging social capital, the role of strong ties in generating economic (and cultural) resources weakens. However, they can again become significant in the face of the company's struggle for survival. This is reflected in the support provided to the entrepreneur by the stable financial inflows of his spouse or parent in the circumstances of a crisis, which encourages him to give up the personal income earned in the company. This is the experience of Tanja (56), the owner of a micro company in Rijeka, which struggled to overcome the crisis period when it faced sudden losses of clients during the economic recession: *...2-3 years ago it was hard... we just used to be late with the payment of our own salaries. We always provided for the payment of contributions and everything else related*

*to salaries, but we were late with the payment of some expenses and salaries to us... we managed to get by and gave loans to the company from our personal savings to survive. Those were the crisis years... of course, I had to have the support of my husband because... it was a situation that in a way blocked a part of what we saved for the family... (Tanja, 56, Rijeka)*

#### 4.2. From personal networks to bridging social capital: Gradual creation of diverse network formations within the market field

Personal networks, although acting as "guardians" of sensitive phases of entrepreneurial activity, are not strong enough to sufficiently support entrepreneurs' search for growth opportunities. The shift of the desired outcomes, from the initial survival goals to growth, imposes the requirements of building and strengthening business networks of entrepreneurs. The decomposition of the resulting social capital can, indeed be rich, potentially bringing together a wide range of diverse network formations, from business acquaintances to bridging connections beyond the boundaries of the business milieu (Table 5).

**Table 5.** Identified forms of social capital with representation among entrepreneurs and frequencies of occurrence in empirical material

Form of social capital	Number of entrepreneurs (N=70)	Share of entrepreneurs	Frequency of associated codes
<b>Personal networks</b>			
- family and relatives	33	47.14%	36
- friends	18	25.71%	21
<b>Formal and informal partnerships</b>			
- investors	9	12.86%	13
- key customers	14	20.00%	20
- partners in the domestic market	40	57.14%	74

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- partners in foreign markets	31	44.29%	58
<b>Acquaintances and informal networks</b>			
- acquaintances in the field of activity	61	87.14%	130
- other business acquaintances	66	94.29%	287
<b>Memberships in associations</b>			
- associations in the field of activity	26	37.14%	34
- associations outside the activity	12	17.14%	14
<b>Events in the business</b>			
- conferences	35	50.00%	60
- fairs	11	15.71%	13
- congresses	4	5.71%	4
<b>Networks in the virtual world</b>			
- social networks	54	77.14%	60
- portals and forums	2	2.86%	2
<b>Other networks (outside the business milieu)</b>			
- networks in the field of institutions	17	24.29%	22
- networks in the academic field	41	58.57%	56
- networks in the field of politics	7	10.00%	8

**Source:** Own research

Although the individual entrepreneur's mix of resources is unique, each and every one contains potential gains, arising from acquaintances and informal partnerships in the business world. Acquaintances are most often built intentionally and are nurtured by efforts to maintain continuous contact once it is established, regardless of the current effect on business. The strongest informal networks are those within the industry, as they usually originate from the common past of actors, in terms of participation in the same academic field or professional milieu (friendships created while studying at the same faculty, acquaintances made in the previous job). In addition to generating material gains through mutual recommendations to customers, they are a fundamental medium of intra-industrial knowledge

exchange, a kind of platform for synergistic consolidation of knowledge (Tsai & Ghoshal, 1998; Anderson et al., 2007), especially tacit knowledge, which at an early stage of business facilitates liability of newness and later strengthens the resource base of the company and creates new opportunities for business development (Perry-Smith & Shalley, 2003; Anderson et al., 2007).

Some acquaintances turn into formal partnerships in the field of market. It is predominantly represented in the segment of joint market performance of two or more companies, offering complementary products and services, a typical example of which is the association of a software manufacturer with a distributor of hardware. In addition to such motivated cooperation,

bonding is often encouraged by joint product development, collective work on industry promotion, group project applications and borrowing of workforce. As Vedran (37, Zagreb) points out, such *collaborations are natural*, as they enable the specialization of industry expertise, creating preconditions for cost rationalization, increasing profitability and maintaining the reputation among clients: *These jobs that we do are such that they require different segments, from a programmer who is basically a pure technician, to a designer and a semi-artist, or whatever you call it, because I would say, some people are literally incompatible in thinking. It is obvious that you simply have to, you have to be on both sides. That's why we often work with companies that complement us when we need it, right? So, it is natural that we are directed towards cooperation. And that is, I think one big, I mean big minus for companies that try to do everything themselves... because in the end the client feels that you are semi-good, he doesn't get a top [product]... You may get some kuna more or earn a little more on one project... but you will certainly not get another job with him, and then de facto you did not capitalize on it.* (Vedran, 37, Zagreb)

Bolder entrepreneurs, however, go a step further than bonding with “their peers”, looking for partners among powerful investors and reputable customers. In addition to providing direct financial inflows, powerful domestic and foreign investors are creators of market opportunities and are a source of liquidity in business. The latter is illustrated by the experiences of Goran (31), an entrepreneur from Osijek who, in running his “young” company, *trusts his relationship with a partner and jobs that [thanks to the partnership] come from Germany... so, he says... he is more or less sure he will have enough for salaries.* Of course, with direct

financial inflows, field incumbents can provide benefits of transmitting their own symbolic capital, again usable in the production of economic benefits of a relatively small company: *Our key customer is Hrvatski Telekom, with which we are in ... a partnership in terms of brand sharing. We give the product and are obliged to maintain it... second support level, and they sell it as their brand, under their name.* (Ivan, 40-50, Varaždin)

Mobilizing acquaintances and creating partnerships are not the only instruments of the search for social capital in the field of markets. For more proactive actors, it is also participation in events such as fairs, congresses and conferences, and a membership in associations. Entrepreneurs, whose predominant range refers to their own software products, positioned within a specific niche, visit and set up exhibitions at specialised fairs (primarily abroad). For them, fairs are places to make contacts with potential buyers and partners, examine the offer of major market rivals, but also to achieve the visibility of an unestablished, small newcomer into the market field. More popular than going to fairs, however, is attending various events at domestic and foreign conferences. This type of networking becomes particularly significant after a company overcomes the liability of newness and embarks on an adventure of gradually reconfiguring social capital (Shane & Cable, 2002; Jonsson & Lindbergh, 2013) and enriching it with bridging links: *As things got more and more important and we were supposed to get a job, we were also supposed to hang out with people outside the technical domain, then the three of us started going to conferences...* (Vedran, 37, Zagreb)

As the statement of our conversation partner indicates, the accumulation of new

knowledge, although often proclaimed a function of conferences, is a secondary motive for participating in events. In fact, according to Antonio (39, Čakovec), ... *what is being said there was obsolete already a month ago...* so conferences cannot be a “serious” channel for learning specialized expertise. They are primarily a networking mechanism, as Davor (32) from Zagreb vividly illustrates, chiefly based on informal gatherings of entrepreneurs and managers (Kolaković, 2006, 2010): ...*basically that's what all these conferences look like... People come to attend two lectures and then they go drinking. That's it. Well, I think... [laughs]...that's what it is... Nobody comes here to talk about the cash model, this and that, I don't know...* (Davor, 32, Zagreb)

Informal gatherings are, of course, a disguise for bonding motivated by business interests, such as finding customers and partners, gathering information about the competition and increasing the scope of the company's market visibility. The possibility of their capitalization is further strengthened by the fact that these are personal contacts (Putnam, 2000) - direct communication in which close face-to-face relationships act as an excellent reinforcer of existing connections and acquaintances in the business environment.

Networking in associations is mainly related to industry (for example, gathering in Croatian Independent Software Exporters - national association and local networking in the Osijek Software City association). Just like socializing at conferences, adds Stipe (34, Split), *it is a targeted appearance at events...* (meetings of the association) - an act of strategically studied, patient and long-term accumulation of social capital, a risky effort that will one day potentially turn into material gains for a company – direct ones, resulting from contracting

through an association, or indirect ones, based on a symbolic prosthesis (Bourdieu, 1977): *So, Osijek Software City was, sort of my idea from the very beginning... we started this project, and later it grew into an association because we want to communicate this perspective to young people to stay in Osijek and build their future here because Osijek, therefore, has this big problem... [that there is] an atmosphere of hopelessness that is communicated to... young people... [So] we essentially [profited] the most from Osijek Software City because we have, somehow, positioned ourselves as... leaders in the local scene... as a company that cares about the environment itself... So, we are trying hard to bring software development and our business in general closer to the Osijek developers' community...* (Josip, 36, Osijek).

This, *community engagement*, as Nino (37, Zagreb) calls it, whether it implies the obvious selfish interests of one's own gain or is (like the case in question) dressed for a collective struggle for community development and establishment (Aldrich & Fiol, 1994), increases the visibility of the engaged company, gradually shaping its reputation within the industry and in the market field. It is what Überbacher (2014) calls the interplay of the struggle for entrepreneurial legitimacy and the industry's legitimacy - in a way, it is the actors being torn within the industry between competition for the same bundle of scarce resources and their cooperation, in order to realize collective interests.

To favour face-to-face contact is not limited to socializing within the domestic industrial and entrepreneurial community, but is a common feature of market relations. Namely, despite the fact that they are (more or less actively) involved in the virtual form of networking, such connections are considered by our entrepreneurs only as



support for personal communication, which (still) plays a crucial role in relations with clients and business partners: *...we build very personal contacts with all clients... When we receive an inquiry from San Francisco and consider it pretty serious, we book a plane ticket within a few days and go there. It means, we have realized that no one will spend \$ 200,000 on us if they find us on the Internet and have a Skype conversation with us! In this way... when we get there and talk face-to-face, it gets somehow significantly more convincing!* (Hrvoje, 33, Split)

Physical contact, as Hrvoje's statement illustrates, is also preferred among entrepreneurs operating in foreign markets and, due to geographical distance, rarely physically meet with clients, although it is more common and more pronounced among those, offering complex and expensive software products. For them, a personal meeting with the customer has no alternative, since the technical complexity of the product, its price and the intangible nature require a personal presentation. Thus, the established relationship with the customer is nurtured by occasional gatherings over coffee, lunch or dinner, and conversations that go beyond business topics. In this way, relationships at the individual level are being built that solidify trust and strengthen the potential for long-term business cooperation.

In addition to the personal field and the field of industry, the market field touches on other social structures, which are, at the same time, a source of valuable and scarce resources. One of them is the local academic field, a breeding ground for a potentially high-quality workforce. Therefore, it is not surprising that the networks of more ambitious companies also embrace this community in a range of forms, from cooperation through entrepreneurs giving guest lectures

and contracting student internships to bonding, motivated by lobbying and related to the adaptation of curricula to the current needs of the industry. Different interests, on the other hand, lead actors to penetrate the field of politics - another arena of power that affects the structure of the market game of our entrepreneurs: *... it [was] a notorious joke to send two people to a very expensive seminar from which a certain certificate is obtained, say to London... and then it appeared in tenders that these were exactly the certificates that two employees of the company applying for the job had to have. You can't educate people, pay, devise, organize it all in a short period of time... and then the answer, you didn't get the job because you didn't have these two certificates!* (Boris, X, Zagreb)

The potential market effects of political ties, membership in a political party and informal socializing with members of the political milieu is acknowledged by a small number of our respondents, and even fewer say they have felt the effects in business (Table 6). Although this finding should be taken with suspicion, it still seems that the scope of power with a source in the field of politics is limited to the domestic market, mainly the segment related to business with the public sector: *...We, for example, have lost county pharmacies... because it was politically ordered to take another bidder... and it is the same in hospitals, political games are frequent... [depending] who the director is... there are often attempts to influence the informatics branch.* (Marcel, 51, Zagreb)

**Table 6.** Practices of social capital engagement in the creation of economic, cultural and symbolic capital with representation among entrepreneurs and frequencies of occurrence in empirical material

Practices of engaging social capital in creating...	Number of entrepreneurs (N=70)	Share of entrepreneurs	Frequency of associated codes
<b>...economic capital</b>			
- acquaintances as a medium for creating business opportunities	60	85.71%	165
- financial gain as a result of the partnership	51	72.86%	127
- finding jobs at conferences and through associations	19	27.14%	23
- financial support from family and friends	9	12.86%	9
- acquisition of customers by mobilizing connections in the policy field	4	5.71%	4
<b>...cultural capital</b>			
- transfer of knowledge inside and outside the industry	68	97.14%	181
- mobilization of networks for the purpose of finding employees	21	30.00%	26
<b>...symbolic capital</b>			
- community engagement	19	27.14%	42
- connecting with an established partner	12	17.14%	14

Source: Own research

### 4.3. Social capital and international market field: The primacy of foreign partnerships and local industrial ties

Disappointment with the influence of political forces on the domestic market is one of the motives for our entrepreneurs to seek internationalization. Of course, new market spaces are new arenas of the struggle for legitimacy, so market expansion requires reconfiguring the existing resource networks and enhancing them with new forms of social capital. At the beginning of this challenging journey social resources generated by informal acquaintances abroad

can be highly valued. As Hrvoje (33, Split) points out, informal networks, based on the background of an individual, have a great potential for capitalization, as they act as a kind of bridge between the companies involved, which neutralizes market differences and reduces the customer gap associated with risks and uncertainty: ... *Well, ... in the beginning, our approach towards large companies outside was based on finding someone, not necessarily from Croatia but from the region, who works in that company and then we would try to get into the company through his recommendation... to someone in charge with whom we*

*can talk... that led us to a few really big clients...* (Hrvoje, 33, Split)

Informal networks and acquaintances abroad are not just support for entering foreign markets. They often represent the basis for finding foreign strategic partners (Ellis & Pecotich, 2001; Zhou et al., 2007; Morić Milovanović & Mikić, 2012), further enriching the bridging social tissue of companies in foreign markets (Putnam, 2000). Although there are exceptions, related to the specifics of the production niche, generally speaking, a foreign partnership is a prerequisite for market penetration abroad. A strong partner makes it easier to find better customers and increases the smoothness and security of the sales channel by reducing the risks of collecting foreign revenues (Tipurić & Kolaković, 2002). In this sense, it acts as a lever, with the help of which the company generates the first secure profits from abroad and creates the preconditions for expanding the network and intensifying foreign sales in the future. In addition, cases have been recorded of companies hiding behind the name of a partner in distant markets, in order to circumvent stereotypes related to the origin of entrepreneurs (Rao et al., 2008): *We are, in fact, currently in hiding. We do not perform there towards clients....A Canadian agency with which we have concluded an agreement approaches clients. They deal with that part of the contact, and we do, practically, we program and finish the job. So, I think there is a prejudice... in Canada... somebody who has no direct connection with Croatia, it is as if we had told him... Mozambique. It's probably better in this case to hide behind that firm. So, we'll break through easier that way.* (Marko, 33, Zagreb)

Connections abroad are not the only facilitator of internationalization. The skill in this process, our data show, also depends on

the intensity of the embeddedness of entrepreneurs in the local industrial community. Informal gatherings of locally concentrated players in the industry and meetings within industry associations are platforms for exchanging valuable knowledge about the conditions of sale in the remote market and are mechanisms for transferring experiences about the possibilities of finding foreign partners (Keeble et al., 1998). Besides that, for a newcomer, they can signify opportunities to search for a source of symbolic capital, masked in partnership - a local incumbent, long renowned in the foreign market field (Lounsbury & Glynn, 2001). This practice is nicely illustrated by the experience of Andrija (30), a small entrepreneur from Virovitica, whose way to the lucrative market of the Middle East was already opened in the early stages of business: *...We had one strategy right from the start... we presented to domestic companies what we did ... domestic companies were looking for partners who could do the part of the work they were not dealing with and recommended us to a client. Of course, there is a responsibility, because a recommendation is a big thing in that business. So X d.o.o. from Osijek, they are our partner. Practically, they are developing online stores just for the web, and we are developing them for mobile devices... the cooperation started well, and then we entered the Kuwaiti market.* (Andrija, 30, Virovitica)

## 5. CONCLUSION, LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Our search for an understanding of social capital from the perspective of its functioning in entrepreneurial practice (McKeever et al., 2014) resulted in the identification and rich description of

various network forms of Croatian software entrepreneurs. They are the resultant of exposure to multiple fields, in which entrepreneurs have participated in their personal and professional journey so far. The composition of the social capital of each entrepreneur is unique and is related to the modality of the power of actors to align the game in the field of entrepreneurship with the *illusio* of market rhetoric (entrepreneurial habitus) (Pret et al., 2016) and to muffle the *modus operandi* of the field of activity (technological habitus). The more skilled an entrepreneur is in this sense, the richer his base of various forms of social capital with its source in many fields, including the ones seemingly “distant” from the business world (such as the academic field).

A unique network combination of entrepreneurs is a living web, since the individual stages of the development of an entrepreneurial venture require a different structure of social capital. Therefore, this structure is gradually reconfigured (Shane & Cable, 2002; Jonsson & Lindbergh, 2013), usually in the direction of complementing strong ties based on friendship, solidarity and trust with those more open and heterogeneous, bridging in nature. The ability to reconfigure social resources depends on the existing structure and level of capital of the actors, such as knowledge and experience, previous networks of entrepreneurs and a reputation built in the field of markets.

Findings concerning the relational dynamics of social capital impose an understanding of the value of this form of capital, in terms of the production of economic resources for the enterprise. In fact, the engagement of social capital in generating financial gains is common to all entrepreneurs, and although many relational events are convertible into economic capital, informal networks and acquaintances stand

out for their ease of conversion. They are sources of valuable recommendations and the most unique channel for generating sales opportunities. Informal networks suggest living experiences of entrepreneurs, but they are, also, a common medium for the transfer of tacit knowledge inside and outside the industry (Tsai & Ghoshal, 1998; Anderson et al., 2007) and, intertwined with expertise, are a source of reputation, in addition to formal networks and partnerships. Therefore, a rich reservoir of social capital, together with economic resources, provides the company with valuable forms of cultural and symbolic capital.

The theoretical contribution of this study stems from the confirmation and expansion of existing knowledge, related to the understanding of social capital in the entrepreneurial process of high-tech companies, primarily concerning the conversion of social capital into economic resources and its structural changes, owing to the development progress of the enterprise. Also, practical understandings of the ways to engage social capital in the creation of cultural and symbolic capital have been developed – through entrepreneurial practices that have only recently started attracting the interest of researchers from such a conceptual lens. Since this segment of our findings represents new insights that have not been empirically elaborated in the existing body of knowledge so far, this study represents a valuable contribution, in terms of enriching the theory of capital in entrepreneurship.

In addition to the theoretical contribution, the research findings give rise to practical implications, regarding the improvement of the national policy of support for high-tech entrepreneurship, specifically in the segment of assistance in the accumulation of social capital abroad. Although formally, there are certain measures to support

internationalization (such as those within the Croatian Chamber of Commerce), according to our entrepreneurs, they are not implemented effectively, because they ignore the needs of small businesses and do not respect the specifics of ICT. Therefore, policy makers are required to make greater efforts in the segment of institutional support for networking of entrepreneurs abroad, primarily in the activities of finding and connecting with potential foreign partners.

In terms of recommendations for entrepreneurial practice, the results suggest the need to raise awareness of entrepreneurs about the role of building a rich base of various forms of social capital at an early stage. This is especially true for the actors, predominantly guided by the *illusio* of the industry field, whose business networks rarely cross the same field. It is useful to direct their attention to the importance of the accumulation of social capital from their “distant” fields (such as academic field and the field of institutions) and make them aware of the different value of each form of social capital at different stages of the enterprise’s life cycle. With entrepreneurs who aspire to growth, this could encourage the intention of early accumulation of weak bridging bonds, which would give impetus to the development activities of companies, such as creating innovation, finding better employees and expanding to foreign markets. This is confirmed by several examples of good practice, incorporated in our empirical data, such as that of Andrija (30) from Virovitica and Hrvoje (33) from Split. Through early networking in the local field of institutions and academic field, these entrepreneurs have built a rich base of symbolic capital (positive reputation in the local community) and cultural capital (high-quality employees).

Additionally, the research findings imply the need to raise entrepreneurs’ awareness of the benefits of participating in the collective industry struggle. In addition to the goals of industry progress, community engagement contributes to the interests of individual players, especially in the context of the accumulation of cultural and symbolic capital. An example of good practice is Josip’s strategy (36, Osijek). This entrepreneur skilfully turned the role of the initiator of Osijek Software City into a platform for building local recognition of his own company.

The qualitative research approach accompanied by inductive analysis, which we opted for in this research, is the only one that provides a tool for contextual understanding of the complex dynamics of different forms of venture capital (McKeever et al., 2014). However, it should be recognized that such an approach limits the possibility of direct application of the findings in other substantive areas. The research results are based on the data, related to a specific industrial, temporal and spatial context, so generalization outside the research context necessarily requires their examination within the new contextual conditions (Vickers, 2016).

The results of our study point to the potentially new, interesting research directions, such as a longitudinal study of the related research goals. Longitudinal research would contribute to a deeper understanding of the process of reconfiguration of social capital through the stages of enterprise development and would potentially enable the identification of changes in entrepreneurial practices, caused by the gradual transformation of the industry through different phases of the life cycle. Likewise, related studies, conducted in different national settings, would contribute to the refinement

of research findings. A different national context would ensure the inclusion of social structures of different characteristics, including software industries at a different stage of development. This would pave the way for the development of a more robust understanding of social capital in software entrepreneurship, applicable to a wider range of entrepreneurs (Goulding, 2002; Glaser & Strauss, 2012)

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# PODUZETNIČKI DRUŠTVENI KAPITAL U BORBI ZA TRŽIŠNO POLJE: SLUČAJ HRVATSKE INDUSTRIJE SOFTVERA

### Sažetak

*Razumijevanjem društvenog kapitala, kao poveznice koncepata društvene ukorijenjenosti te prakse umrežavanja, ovim se radom nastoji doprinijeti razumijevanju procesa visoko-tehnološkog poduzetništva kao društveno određene i ovisne prakse. Korištenjem dubinskih intervjua s hrvatskim poduzetnicima u softverskoj industriji, analiziramo pitanja značajnosti pojave socijalnog kapitala u određenim aspektima poduzetničkog procesa te kako ga poduzetnici koriste u borbi za ekonomske i druge vrijedne resurse na „društvenoj pozornici“. U metodološkom smislu, u istraživanju se koriste tehnike i procedure konstruktivističke metode utemeljene teorije (grounded theory). Empirijski su podaci prikupljeni dubinskim osobnim intervjuiima sa 77 ispitanika iz 70 hrvatskih poduzeća, kao i pretragom za relevantnim sekundarnim izvorima podataka. Analiza empirijskog materijala je obavljena korištenjem tehnika inicijalnog, fokusiranog i aksijalnog kodiranja, praćenih teorijskim uzorkovanjem i primjenom metode stalne usporedbe. Rezultati istraživanja, iskazani kroz konceptualni okvir Bourdieuove teorije, pokazuju da se društveni kapital iskazuje kroz formiranje širokog spektra mreža, na koje utječe razvoj poduzeća. Općenito se može reći da bogati rezervoar društvenog kapitala olakšava poduzetnicima potragu za financijskim resursima te potpomaže razvoj baze kulturnog i simboličkog kapitala, pri čemu se posebno ističu neformalne mreže i poznanstva poduzetnika, koja se mogu lako pretvoriti u druge oblike kapitala.*

**Ključne riječi:** *društveni kapital, umrežavanje, društvena ukorijenjenost, Bourdieuova teorija prakse, tržišno polje, internacionalizacija, poduzetništvo u softverskoj industriji*