

## **Social and Symbolic Capital and Responsible Entrepreneurship: an Empirical Investigation of SME Narratives**

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### **Abstract**

This paper investigates links between social capital and symbolic capital and responsible entrepreneurship in the context of small and medium enterprises (SMEs). Primary data were collected through the analysis of entries to a small business competition in 2005. The narratives given by the businesses with respect to their daily practices were coded in relation to their claims of making contributions to wider society, relationships with customers, employees and stakeholders. A framework is assumed for the strategic behaviours: ‘responsible for self’, ‘responsible for partners’ and ‘contribution to others’. The analysis indicates different intangible (social & symbolic) capitals are related to different depth of responsibility. The evidence also indicates that responsibility for others is more likely to be found in the narratives of more mature firms than new or young firms.

**Key words:** enterprise; CSR; responsible entrepreneurship; small business; SME; social capital; symbolic capital,

## **1. Introduction**

The significance of a sociological perspective on small business and entrepreneurship is well articulated in the literature, for example (Reynolds 1991; Thornton 1999). A social perspective on entrepreneurship and small business is significant because it is mainly in the social context that entrepreneurs and owner managers exert power. For example, it is in the reciprocity of mutual obligations where entrepreneurial businesses create competitive advantage and where social control is exerted through sets of dyadic ties (Larson 1992). In the words of small business owners, 'relationships mean everything' (Fuller & Lewis 2003). The discourse in the entrepreneurship literature in this context has largely been grounded in notions of networks, after Granovetter (1973). So although the concept of social capital has been in use since at least 1961 (Jacobs 1961), it has only recently become de rigueur in the discourse on networks and relationships in small businesses. Similarly, the work of Bourdieu has started to be recognised in the field of small business and entrepreneurship research (De Freyman et al. 2005; Shaw et al. 2005; Southern 2000).

Social capital and social responsibility are not synonymous. They inhabit different domain, i.e. social capital is the domain of the nature of power and meaning that exists as structures and mechanisms guiding everyday practice. Responsibility is seen by the authors as extant in the domain of the moral, a difficult subject at both individual and collective levels and one that must ultimately sit at the heart of debate and practice with regards social responsibility. Nevertheless, there is a clear link between values and morality and the nature of mutual obligations, expectations and responsibility between economic actors. This is particularly the case when individuals hold power within an economic unit such as an owner managed business or a venture whose modus operandi is shaped through the leadership of a few individuals, i.e. entrepreneurs.

This paper is concerned with interpreting the nature of social responsibility as articulated by the leaders of small businesses in the UK. As discussed in the methodology section, access to these narratives was gained through a small business awards programme, i.e. a competition for 'best small business' 2005.

The paper therefore sets out a conceptual framework for understanding and operationalising analysis of social and symbolic capital. It then reports on an analysis of 144 3,000 word entries to a business awards. Using a conceptual framework and interpreting the narratives, a set of tentative suggestions are made about the linkages between social capital and responsible entrepreneurship. Six case studies are described to exemplify some aspects of these. As the data and analysis are very fresh the authors recognise there is much work to be done to underpin and test some of the propositions being developed.

## **2. Social Capital**

The term 'social capital' initially used in community studies, appears firstly in the Jacobs's *The Death and Life of Great American Cities* (1961), to explain the survival and function of neighbourhoods where the development of personal relationships provides the basis for collective cooperation in such communities (Sørheim 2003). After Jacobs, the theory has been used to examine the development of human capital (Coleman 1988), and is being increasingly surfaced in the entrepreneurship field, for example, intensive knowledge (Neergaard &

Madsen 2004), venture creation (Liao & Welsch 2005), family business (De Freyman et al. 2005; McKeever et al. 2005).

Coleman (1988) defines social capital by its function. “It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors—whether persons or corporate actors—within the structure.” He identifies the similarity to other resource based capital that it is productive, making possible the achievement of certain ends that in its absence would not be possible. He also expresses the dissimilarity, i.e. that it is inherent in the structure of relations between actors and among actors, not as a physical or symbolic (money) presence. However, authors such as Bourdieu (1986) and Burt (1992) suggest that the relationships and the assets made available through the relationships are a significant part of the meaning and power of social capital. Bourdieu defines social capital as the “the aggregate of the actual or potential resources that are linked to a possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (1986:249).

For the purposes of this study we take the well developed theory of social capital in the field of entrepreneurship by Nahapiet and Ghoshal (1998). Drawing on, amongst others, Putnam, (1995) Bourdieu, (1986; 1993) and Burt, (1992), Nahapiet and Ghoshal provide a framework of analysis, from which they produce the idea of intellectual capital. The framework, rather than the discussion on intellectual capital, is utilised as below. The framework consists of three types (or dimensions as they call them) of social capital, a structural dimension, a cognitive dimension and a relational dimension.

*Structural dimension: a functional basis*

The fundamental proposition of social capital theory is that network ties provide access to resources and information. Burt (1992) suggested that the resources and information benefit occur in three forms: access, timing, and referral. These are networking approaches that enable members within the networking structure to obtain more information than they could gather alone.

This discourse is generalised by Nahapiet and Ghoshal (1998) as the structural dimension of social capital, referring to the overall pattern of connections between actors—that is, who you reach (Burt 1992). They also draw a metaphor of ‘channels’ or ‘conduits’ model to describe structural dimension. Liao and Welsh (2003) suggests that this represents a presence or absence of network ties between actors.

A structural dimension is strongly related to network ties (Granovetter 1973) Nahapiet and Ghoshal suggest that social capital constitutes a valuable source of information benefits, for example, ‘who you know’ affects ‘what you know’. For that reason, network and its structures embody facets of social capital that influence the range of information that may be accessed and that becomes available for further combination in community.

As Lechner and Dowling (2003) conclude, the environmental context and its linkage to firms, which are built by businesses and owner managers, significantly contribute to and influence the community and vice versa. Hence, establishing strong social interactions and ties are to help a beneficial, potential and productive resource for entrepreneurs in terms of exchanging

information, recognizing business opportunities, and sharing and exchanging resources, and influencing its potential performance. To such extent, this type of social capital as a basic foundation encourages cooperative behaviour and responsibility sharing in the community (Liao & Welsch 2005).

*Relational dimension: trust, truth and co-opetition*

Nahapiet and Ghoshal's relational dimension of social capital concerns the kinds of personal relationships people have developed through a history of interaction. (Granovetter 1992). It refers to the direct relationships the entrepreneur has to others and the assets rooted in these relationships (Anderson & Jack 2002; Tsai & Ghoshal 1998).

Increased relational social capital can greatly enhance the opportunities of an enterprise (Lechner and Dowling, 2003). Nahapiet and Ghoshal (1998) argue that it influences three of the conditions for exchange in many ways, including trust, norms, obligations and expectations, identity, respect and friendliness (Liao & Welsch 2005) and trustworthiness (Sørheim 2003). Hansen and Allen (1992) also suggest that the higher degree of interaction, the more communication channels are available for use, the more easily to develop, and more easily information can take place in the network. Tacit exchange of information (Cooke & Wills 1999) is facilitated through relational social capital. As Lechner and Dowling (2003) showed relational capability of a central firm (in supply systems) is a precondition for gaining competitive advantages. Thus, the relational dimension of social capital, with a responsibility to other counterparts or partners in the community, enables the firms to access more informational, physical and emotional support in the business process (Liao & Welsch 2005).

*Cognitive dimension: sharing resources and responsibility*

Thus far we have identified two distinct dimensions of social capital—the structural and relational. Nahapiet and Ghoshal (Nahapiet & Ghoshal) also suggested a 'cognitive dimension' to social capital. They define the cognitive dimension as those resources providing "shared language and codes", identified and operationalised through shared narratives. Melander and Nordqvist (2002) describe this as "institutions and shared beliefs". This is also suggested by Liao and Welsh (2005) as "hared representations, interpretations and systems of meaning among parties" and renamed as "shared norms".

In a community, shared language and codes enable people to create a shared vision/common ground. This creation of common ground facilitates future co-operation and information exchange. It is important because trusting relationship will be rooted in this common understanding. Therefore an essential part of social exchange and combination processes requires at least some sharing of context between the parties. However, a norm simultaneously exists when the socially defined right to control an action is held not by the actor but by others. It constitutes a powerful form of social capital. (Coleman 1988). This means the normative and mimetic forces that exist in their network environments shape the behaviour of entrepreneurs and enterprises.

Therefore, based on these two characteristics, a cognitive dimension of social capital not only provides the possibility to share resources and information but implies a requirement on the agent to share responsibility and resources with partners or stakeholders in a community, as part of sharing a language and set of codes. This idea is consistent with communities of

practice, e.g. (Wenger 2000), though that issue is not elaborated here.

### **3. Symbolic capital**

Pierre Bourdieu introduces the concept of symbolic capital in *Social Sense*, builds on “being known and recognized and is more or less synonymous with: standing, good name, honour, fame, prestige and reputation.” (Gergs, (2003))’. Later, in *Practical Reason: on the Theory of Action*, he defines symbolic capital as follows:

“Symbolic capital is 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. For example, the concept of honour in Mediterranean societies is a typical form of symbolic capital which exists only through repute, that is, through the representation that others have of it to the extent that they share a set of beliefs liable to cause them to perceive and appreciate certain patterns of conduct as honourable and dishonourable” (1998: 47).

The conception of symbolic capital is widely adopted in different research arenas and is still developing. It is not an easy concept to operationalise. Sideri (2004) suggests that it designates the symbolic power of a group or an individual, with authority, knowledge, prestige, reputation, academic degrees, being possible forms. He considers this in the context of Internet regulation and argues that the symbolic capital differentiates those destined to occupy eminent social positions from those who will not. Gergs (2003) proposes that symbolic capital is an important aspect in the process of opening up new markets. Cooke and Wills (1999) present ‘symbolic diversity’, which means a high degree of institutional openness and permeability or transparency. In reviewing Bourdieu, Ozbilgin et al (2005), suggests the conceptualisation of symbolic capital embodies both subjective and objective properties, bridging the two, and that it is formed through the shared meanings of value and worth.

Bourdieu (1993) states “because of the trust they enjoy and the capital of social relations they have accumulated, those who are said to be able to come back with the whole market, even if they went out empty-handed, can afford to go to the market with only their faces, their names and their honour for money...” (cited in Gergs, (2003) Therefore, for the perspective of social responsibility, the authors of this article consider symbolic capital is related to the amount of honour and prestige possessed by the entrepreneur or the enterprise with regards to acting structures for achieving potential assets, including tangible and intangible, in the business community. It implies any difference between identities to make their statue respected or a reputation symbol.

### **4. Ethics and responsibility in small and medium enterprises (SMEs)**

Academic interest in social responsibility and SMEs is relatively recent (Spence et al. 2003, p19). The mainstream discourse on CSR is orientated towards large firms. Spence et al (ibid) suggest that, informed by the market theory of corporate capitalism, theorists may believe that ethics is luxury good which only wealthy players (i.e. not small enterprises) will be able to afford. However, the nature of small enterprises cannot be fully understood by reference to market economics. The interaction of the personal and social with the business in family and owner-managed firms is key to

understanding responsible behaviour and ethics in SMEs. Carr (2003) suggests that from the perspective of the Weberian Protestant Ethic, that responsibility and ethics is a personal ethos that informs the practice of business as a “manner of leading one’s life” Hence when one’s business and life are inseparable, as is often the case in owner-managed business and entrepreneurship, personal ethos and business behaviour are inseparable. In linking responsibility to entrepreneurship strategy, Wickham (2004) identifies standard constraints operating on the actions of the business, such as legal and economic constraints and suggest that the entrepreneur also has discretion over the responsibility it sets for products or the way it manages the impact on the environment. This perspective implies that individual enterprises will vary in the nature of responsible actions in direct relation to the noble purposes of the entrepreneur.

An understanding of ethics or social responsibility in small enterprise as being bound to the owner of the business is not the full story. Graafland et al. (2003) found that small firms rely relatively more on a dialogue strategy in which they try to learn from stakeholders which aspects of corporate social responsibility are most important to realise. Thus social interaction with stakeholders appears to form part of the shaping of responsible behaviour by SMEs, which is consistent with a social constructionist theory of modern society. As Spence et al point out “business ethics does not operate in a vacuum disconnected from the rest of the world” (Spence et al. 2003, p 19). Social control is a powerful form of governance on smaller networked enterprises (Larson 1992; Leifer & White 1986), and development of social capital provides the small enterprise with power. Thus it is logical that research on ethics and responsibility in small enterprises turns to the concept of social capital as a ‘tool’ (Spence et al. 2003, p17) to understand business ethics in SMEs.

As a contribution to understanding links between ethics, responsibility and social capital in small enterprises, this paper delves empirical narratives in which the people owning and running small enterprises project their responsible behaviour from the analytical perspective of social and symbolic capital.

## **5. Methodology**

144 business that are owner managed and employ no more than 30 persons entered the finals of a Small Business Awards, having successfully completed an initial screening questionnaire. Over 2,000 small business had entered the first stage of the process, so these 144 were either high scoring or extremely tenacious, or both. In the final stage, each firm had to produce a 3,000-word Business Profile in response to a battery of questions and a specific list of criteria. The Profiles were used as evidence to judge the businesses for the best all round small business.

Questions were asked about their contribution to wider society, relationships with customers, employees and other stakeholders. Eight criteria were given to the entrants and these were used by the judges to evaluate the entries. One of these criteria was:

“Making a difference: Is the business adding value to society and the economy? Is it

making a positive difference to the world in which it operates?”

For the purposes of this research the Business Profiles of the 144 entrants, which were written as narratives about the business, were read and texts relating to the above criterion were abstracted. The more woven the narrative story of the business, the less easy it was to identify precise evidence. However, it was possible to abstract relevant text and examine each individual Business Profile for a sense of consistency with respect to the narratives in different sections, such as “Relationship with customers”, “Relationships with the external environment” and “Relationships with people working in the business”.

The abstracted texts were categorised using a framework drawn from Bourdieu’s concepts of symbolic capital and the Nahapiet and Ghoshal ‘dimensions’ of social capital as explained above. The categorisation and analysis is shown in Appendix 1.

In the process, the sense of meaning relating the abstracted words in the texts to the categories was developed. This interpretation was grounded in the texts and is discussed in the following paragraphs.

#### *Structural dimension of social capital*

The main concepts interpreted from the texts were ‘value creation’ and ‘philosophy creation’. For example firms described their contribution as helping customers, reducing hassle, reducing the risks for customers, offering value for money, increase happiness, inspire people. The rationale behind these positions was an exchange that met the commercial values or personal values (life philosophies) of others. The strategies so described appear to be bilateral relationships, providing ‘access’ to goods and services in return for payment. The language is of meeting needs rather than building capital.

#### *Relational dimension of social capital*

The main concepts interpreted from the texts were ‘social accordance’ and ‘business accordance’. Within this category were examples of local and global involvement in charitable activities. Examples also include what might be considered ‘good’ business practice, such as paying bills on time, not giving or accepting bribes, working with other businesses to help meet their needs. Thus strategies to develop trust, truth and co-opetition were manifest in the texts.

#### *Cognitive dimension of social capital*

Relating to this dimension, are concepts of ‘public duty’ and ‘sustainable employment’. These appear to go beyond everyday needs or expectations, for example, to create both wealth and pay taxes, increase awareness & infection control, and motivate staff by encouraging work life balance. They illustrate the inception of values and shared codes in the everyday practices of the business that elaborate particular responsibilities.

#### *Symbolic capital:*

The concepts interpreted from the texts that appeared to be related to the

development of symbolic capital were: Business Style, e.g. “apply ‘big business’ thinking while maintaining small business quality” and “No progress by avoiding decision”; Reputation Building’, e.g. “Reputation is hard to earn but quick to lose”; Environmental Morality, e.g. “Reuse & dispose in a environmentally friendly manner” and “Ultra-green”; and Education and Training Investment, e.g. “Student mentoring” and “Educate people”, “Open source software”. They illustrate a more conceptual level of articulation of meaning within the business, with associated processes of communication (more in some cases than others!).

## **6. Analysis – paths to responsible entrepreneurship**

Using the above structure we considered the nature of ‘responsible entrepreneurship’ in relation to the development of symbolic and social capital. One interpretation of this data is that there appears to be differences in the sense of who the business is responsible to: At the transactional stage, although the business is clearly addressing the needs of others, the purpose seems to be self-satisfying, i.e. to develop business or charge higher prices. There is a sense in which the orientation to satisfying the ‘self’ is greater than satisfying others, in the development of structural social capital by these small businesses.

When we consider the actions used to develop relational capital, then there appears to be a more mutual orientation; satisfying others (accordance) while also satisfying the ‘self’. It also appears that in developing symbolic capital, the orientation turns more towards satisfying others. Therefore, on this evidence we suggest a relationship between the type of intangible capital being developed and the degree of ethical orientation in the relationship.

The behaviours mainly related to the structural dimension of social capital are characterised as ‘self-satisfying’ responsibility for business development. This indicates a foundation level of responsible entrepreneurship. In this first stage, businesses mainly adopt a ‘take’ oriented strategy to access to robust resources for self development.

The behaviours mainly related to the relational and cognitive dimension of social capital are characterised as ‘share the responsibility for partners’. They represents the business a development path towards responsible entrepreneurship, adopting both ‘take’ and ‘give’ oriented strategies.

The behaviours mainly related to symbolic capital are characterised as ‘contribution to stakeholders’. The business demonstrates greater responsible entrepreneurship and tends to adopt a ‘give’ oriented strategy for the community.

### **FIGURE 1 ABOUT HERE**

To further exemplify and examine the analysis we have selected six cases. Two cases each describe the responsible behaviours in ‘structural resource’, ‘relational resource’, ‘cognitive resource’ and ‘symbolic capital’ in three different levels. The cases also indicate how the maturity of social capital development appears to mirror the maturity of the business.

## **7. Six Empirical case studies**

*Cases for ‘take than give’ to be ‘responsible for self’*

Business B is a beauty salon specialising in skin care and hair removal. Established in 2000, there are 7 treatment rooms, 2 spray tan rooms and 2 manicure stations with 3 current staff.

Business H was founded in 2001 with initially employed two handymen. The basic business is plumbing work, electrical work, and other odd-jobs like putting up shelves, hanging pictures, fitting locks, etc.

**Structural resource:** *“ustomer can come in just to relax or they can talk about their problems...I have seen many clients who were embarrassed about their skin and over time we have dealt with the problem and improved their quality of life...I buy basic supplies from Beauty Express who also have a sister company in Belfast, Salon Services. I enjoy a good relationship with both companies and this means that if I ever run out of anything the Belfast Company will help me out.”*(Quoted from ‘Relationships with the external environment’ of ‘Business B’)

It is a bilateral business behavior. The Business B provides the chance for customers to have a chat for their skin so that they can have an opportunity to marketing their services and products. In this scenario, the start-up business obviously relies on the ‘event’ more than customers. For the same reason, they construct a good relationship with suppliers, which indicates that they need the help from the partners more than provide business opportunity although the help is bridged by purchases. This shows they have to adopt a more ‘take’ than ‘give’ strategy to construct a network for social capital.

**Cognitive resource:** *“e very rarely do recruitment advertising and choose who we hire, and reject at least 90% of applicants...A handyman devotes enough hours in the week to justify the investment in vehicle, equipment, induction and periods of unpaid leave”* (Quoted from ‘Relationships with people working in the business’ of Business B) *“The key figure we monitor regularly is average revenue per handyman per day. This is obviously driven by utilisation: how busy our handymen are.”* (Quoted from ‘Monitoring the Business’ of Business B)

Obviously, it is a very high-pressure working environment for employees, with rare job security. It takes more consideration for business efficiency first, but less responsibility of local employment. The reason, understood by the framework, is that business has not got enough resources to reach a self-satisfying level. Therefore, the responsible entrepreneurship is mainly presented in self-responsibility first.

**Relational resource:** *“e offer 30 day credit to commercial customers, but it is rare for any one customer to have more than a few hundred pounds outstanding.”*(Quoted from ‘Credit Risk’ of Business H)

*“ffering great service provides a foundation for effective word-of-mouth marketing. But it is only the start. To really get people talking, we have to give them reasons to talk about us, and incentives for doing so. At every opportunity we encourage customers to recommend us to their friends and colleagues. Word of mouth represents by far our biggest marketing channel.”*(Quoted from ‘Word of Mouth Marketing’ of Business H)

It focuses on customer ‘word-of-mouth’ to establish a helpful network for potential

business and development eagerly. The business relies more help on markets and customers and certainly 'takes' more advantages of customers than gives 'bonus'. Hence, their behaviour represents more a aggressive sense than moderate marketing.

**Symbolic resource:** *"You can't make your own luck, but you can manage luck: PR opportunities, for example, you talk to journalists and answer their questions helpfully and patiently one day you'll get your picture on the Time"* (Quoted from 'Relationships with the external environment' of Business H)

As Burt (1992) states one aspect of social capital refers to the overall pattern of connections between actors, that is, who you reach. We can see there is a very strong desire to marketing the business and approaching the centre of community. The business takes the opportunity they can catch to explore their potential relational capital.

*Cases for 'take and give' to be 'responsible for partners'*

Business P was established in 1998 and provides advice and support on business technology, including consultancy, network services, hosting and Internet services, and security services. It became a limited company with 9 staff in 2000.

Business E is a UK-based software business, founded in 1996, specialising in the design, development and implementation of web-based solutions for corporate risk and compliance management.

**Structural resource:** *"maintain a structured sales and marketing operation...helping to create a recognised brand image and an increased client-base. Profitability will be increased through a structured sales operation and economies of scale. A satellite operation outside London to take advantage of the business growth around the UK."* (Quoted from 'Big Picture' of Business E)

*"We believe we can contribute to a more sustainable world by helping our customers improve their economic, environmental and social performance...Change requests and new product ideas are captured from customers through review meetings, interactive tools on the website...many elements of the system can be configured to meet the specific requirements of the customer."* (Quoted from 'Relationships with Customers' of Business E)

Running for 7-9 years, these businesses have some resources to take a consideration of their stakeholders. They are still working hard to construct networks, but more strategically in location and long term. They give more soft services to satisfy stakeholders rather than products only. In this stage, they are not short in resources for self-satisfying, so that they have extra resources to be responsible for other partners and stakeholders. Yet, they still take and accumulate resource for further development.

**Relational resource:** *"We keep track of client profitability by doing a regular analysis of their use of the helpdesk through reports we generate. We ensure that our customers are rewarded by providing discounts...we make sure that our best clients feel valued"* (Quoted from 'Big Picture' of Business P)

*"We talk regularly with vendors, distributors and our competitors' staff at industry events"*

*to keep abreast of what they are doing...I stay in regular contact with a number of other business owners who run technology companies around the country to share ideas and discuss new opportunities...Our key vendors provide us with results of their research, which enable us to spot trends and predict future opportunities.”* (Quoted from ‘Relationship with External Environment’ of Business P)

For this stage, the business has accumulated resources for a current self-satisfying. Then, as a ‘give’ strategy in relational resource, for example, offering discount, which is considered as a benefit to its stakeholders. Also, they know the importance to share ideas and opportunity with partners. At the same time, they benefit from these bilateral activities, which is named in the article as ‘business accordance’.

**Cognitive resource:** *“...consequently we have built up strong and powerful partnerships over time...The premier event in the Entropy International calendar is the Annual User Conference. This is an excellent opportunity for users and the Entropy Team, to discuss and share successes, exchange innovative ideas and discover new ways of getting the most out of the Entropy System. The conference increases in numbers attending and breadth of discussion every year. A quote from last year is ‘Very informative and definitely a key source of information and excellent for networking’.”* (Quoted from ‘Relationship with Customers’ of Business E)

In this case, the business knows very well to share knowledge and information with partners in the industry. From this point, a ‘take and give’ strategy is demonstrated in business activity. They give resource to set up conference and take the conference opportunity to search further development. When they are not struggling for survive, part of resource can be applied for sharing in the community.

**Symbolic resource:** *‘We circulate our findings on both current and future trends to everyone within the business and provide training on emerging technologies before they become the norm...We actively encourage our staff to progress in their areas of interest. One staff recently identified that he enjoyed dealing with customers and would like to take his role in to a more customer service based role. We are currently working with him to identify a suitable course to help improve his skills and develop his career in this area.’* (Quoted from ‘Relationships with People Working in the Business’ of Business P)

Comparatively, this shows a very good co-operation between employee and business. The business offers the staff resource to improve skill, also gains benefit from the staff’s contribution. It’s a typical win-win situation. In this stage, businesses not only consider a straightforward motivation, but also invest in people for intangible resource. They develop employees for tomorrow rather than just for today although it’s a challenge to human resource management.

*Cases for ‘give than take’ to ‘contribute to stakeholders’*

Business S was established in 1979 to provide security services for libraries. With current 26 staff, the company has become a main supplier in the UK market as well as providing solutions for overseas customers.

Business G was founded in 1975 and now employ 19 staff across four regional offices.

The company built its success around the provision of traditional civil engineering services from across the East Midlands.

**Structural resource:** *“In 1991, after setting up and running the business for 13 years the owner decided to move to America, cutting himself off from ‘S’...During the mid nineties ‘S’ purchased Australian self issue machines through a UK distributor...In 2002 the Technical Director decided to leave to help set up a competitive company. ‘S’ launched [product] in 2004, again a product designed and developed by the company, manufactured in the UK and assembled and tested by ‘S’ staff”* (Quoted from ‘Big Picture’ of Business S)

It is a business of 26 years. During the comparative long history, it has contributed to different locations. Meanwhile, small businesses derived from the organic company. With this process, both the organic and sub- company benefit from the networks and construct self’s networks. But for the case of the organic company, it gives ‘birth’ and contributions to subcompany.

**Relational resource:** *“‘S’ agrees that the company would never react to a situation without having necessary information to hand as it was important not to get into a price war with smaller organisations. ‘S’ also has a policy of trying to effectively monitor the market’s requirements and expectations and adjusting their solutions accordingly.”* (Quoted from ‘Big Picture’ of Business S)

*‘S’ is working hard on...more professional manner...it is felt with the influx of companies currently in the market S had to offer something extra.’* (Quoted from ‘Relationships with the External Environment’ of Business S)

In this circumstance, the business has been aware of ‘community responsibility’, such as ‘monitor the market’s requirements and expectations’, no matter how big their scale is. It also announces avoidance of ‘price war’. It is obviously that the business regards self as a veteran rather than novice, to give more resource information to ‘small organisations’ rather take from them. For this instance, the business has reached its self-satisfying degree for current stage, thus has an orient to take responsibility as a leader in the industry.

**Cognitive resource:** *“A twice yearly bonus scheme has been introduced...every year we introduce one or two new trainees into the company”* (Quoted from ‘Relationships with people working in the business’ of Business G)

*“In 2004 a bonus scheme was introduced to reward the employees for the continued success and this has now become an official, annual scheme. With regards to formal benefits, Plescon offers a pension scheme to all employees, paying 3% of the person’s salary into the scheme for them, as well as health insurance. The company has also found the training schemes help new staff settle in a lot quicker...”* (Quoted from ‘Relationships with people working in the business’ of Business S)

*“As the Electronics Engineer had a large input into the concept ...the company rewards him by a commission of 5% on every sale the company makes of the unit.”* (Quoted from ‘Relationships with people working in the business’ of Business S)

Compared with what the Business H says, “unlike some companies, we don’t believe in

paying employees for suggestions: all staff...should feel their contribution is valued without a paid-for suggestion scheme.” (Quoted from ‘Relationships with people working in the business’), Business G certainly rewards staff more than a start-up business. The more mature business adopts a generous ‘give’ strategy to employees; on the other hand, the strategy helps to keep good human resources, which is considered as a better way. When the business has once satisfied self, the strategies they take tend to be much ‘softer’.

**Symbolic resource:** *“We are gaining a reputation as one of the industry’s pioneers. We have recently embarked upon a high profile press and PR ... We have recently launched a marketing campaign with global search engine Google, which is proving a great success in generating leads from across the UK...We have invested heavily in new technology, including 3D CAD modelling software, plus a sophisticated ICT infrastructure...”* (Quoted from ‘Relationships with the External Environment’ of Business G)

*“...take Corporate Social Responsibility very seriously and try to support as many community activities as possible. We are members of Prohelp, a national network of professional firms who give their time and expertise for free to voluntary organisations. Business G is actively involved with local schools and is committed to encouraging youngsters to follow a career in Civil Engineering. We encourage staff to be involved in their local communities and support both staff and customers in their fundraising events too. Staff visits local schools during national Construction Week to promote civil engineering as a career.”* (Quoted from ‘Relationships with the External Environment’ of Business G)

Compared with the younger businesses, the business shows more awareness of responsibility for the community. Not only be aware of CSR, but actively involved in the practice; the business does contribution to business and social development for local community. To such extent, the 30-year old company gives more than takes from its capital with its gained resources.

## **8 Discussion**

This paper adopts a perspective that ‘responsible’ entrepreneurship means being responsible for one’s effect on others and taking responsibility for helping others. The corporate person in this research is the small business. It is well established that the owner(s) of the small business are often inseparable from the business in terms of values, policies and everyday practice.

We have taken a methodological perspective that seeks the linkage between social and symbolic capital and responsible behaviour. This does not assume that this is the only way of understanding responsible entrepreneurship, but such a perspective contributes to knowledge. We suggest that such a perspective is important because intangible capital, i.e. social and symbolic capital, is particularly powerful in the world of small business. They do not have economic power, or political power, or financial muscle. What power they have is embedded in the social relationship with stakeholders.

We have shown that there is a high correspondence between the accounts the businesses give

of their everyday principles and practice and the particular examples they give of social responsibility. For example in answering specific questions about being ethical or their impact on society a firm might give different perspectives on what is the same account of their approach to customer service. They do not think in terms of responsible entrepreneurship, they think in terms of particular principles that are embedded in everyday practice.

Small businesses are not charitable organisations (unless specified in their objects). As with corporate organisations there is an exchange or payback expected from responsible behaviour. What we have identified is that the narratives of strategies adopted with respect to responsibility are consistent with the development of social and symbolic capital.

What we have observed in the data are a range of strategic narratives, which are oriented to the development of different forms of social/symbolic capital. We have classified three different strategic narratives related to responsibility; a mainly 'taking' orientation, a mainly 'sharing' orientation and a mainly 'giving' orientation.

The 'taking' orientated strategy is characterised as primarily self-satisfying. For example, Business H in the development of social capital in the cognitive dimension (shared understanding) is concerned with outputs from employees, expect ideas for free and encourage word of mouth referrals. This type of behaviour is intended to build social capital of a most basic type, e.g. access and referral types of structural social capital.

The 'sharing' oriented strategy is characterised as primarily satisfying self and others and sharing the responsibility for partners. For example, in the development of social capital in the cognitive dimension, Business E organises a conference for the user community. This enables a sharing of knowledge so that they can give greater customer service while developing ideas from stakeholders. This type of behaviour is intended to go beyond the creation of structural social capital to develop relational and cognitive social capital such as shared understanding and trust.

The 'giving' oriented strategy is characterised as primarily satisfying others. For example, in the development of social capital in the cognitive dimension, Business S introduced a reward scheme for employees as well as pension contributions and health insurance, sharing the success of the business internally. This type of behaviour is intended to motivate employees, embedding them into the overall performance of the firm, thus developing shared values, norms and obligations.

In the above discussion we have used one particular dimension of social capital (cognitive) to compare businesses. However, what we observe in the data is that the three orientations produce different forms of social capital. 'Taking' produces social capital mainly in a structural dimension. 'Sharing' produces social capital mainly in a relational and cognitive dimension. 'Giving' produces mainly symbolic capital.

There also appears to be a temporal and dependent relationship between the different forms of social capital. We observe that more established (older) firms provide a narrative more related to ‘giving’ and ‘sharing’ of resources to take the responsibility for helping others in the community. The narratives of younger or start-up businesses tend to ‘take’ resources in being responsible for itself. Our analysis is as yet insufficient to state whether this is a general rule, but it is consistent with Spence et al (2003) who found that older firms invest more in social capital. Maturity may be a necessary but not sufficient condition for responsible actions; we would not necessarily expect all long-lived firms to be ‘givers’. Our evidence suggests that firms that have not developed basic structural social capital are not active in being responsible for others, which means sharing or giving, or developing cognitive and symbolic social capital. We do not have sufficient evidence to make definitive statements about this. It does appear that symbolic capital (such as brands and reputation) depends on the existence of structural and relational social capital in the sample of small firms examined here. Perhaps there is an analogy to be made with the development of financial capital. Access to financial capital enables the production of further financial capital through business transactions. In a similar way, the existence of social capital enables the further production of social and symbolic capital through responsible entrepreneurship.

It should be recalled that the evidence for the above analysis is drawn from narratives written for a purpose; to convince external evaluators that the business is worthy of winning an award for their business practices. This data is not triangulated. However, we did find consistency in the narratives between the way the firms described their everyday business practices and the particular responses to questions about social responsibility. So what is presented is an analysis of self-generated narratives, which provide insight into the reflexivity of the business owners, i.e. their sense of how they wish to be seen to relate to their experienced world. In this work we appear to be developing an understanding of relationships between narratives of social and symbolic capital and responsible entrepreneurship.

## **9. Summary**

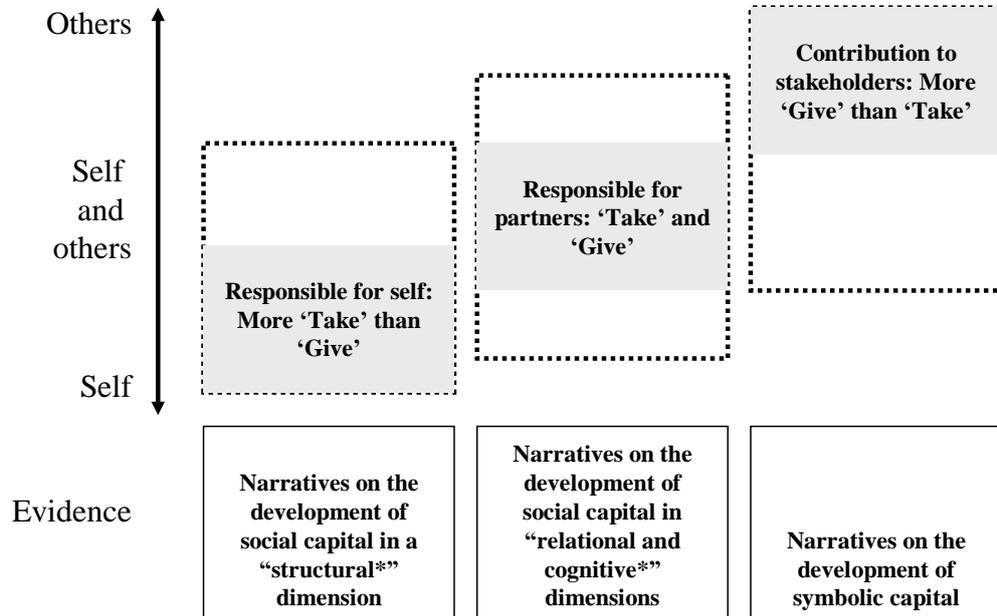
This paper reports on empirical evidence provided by small businesses and relating to their responsible behaviours. After studying abstracted texts describing their contribution to wider society, relationships with customers, employees and other stakeholders, we have classified three different strategic behaviours related to responsibility; a mainly ‘taking’ orientation, a mainly ‘sharing’ orientation and a mainly ‘giving’ orientation.

Each strategic behaviour is mainly related to one aspect of social capital. A ‘taking orientation’ strategy is primarily, though not entirely, related to building social capital in a structural dimension and characterised as ‘self-satisfying’ responsibility. With a ‘take’ and ‘give’ orientation, the behaviours are mainly related to the relational and cognitive dimension of social capital, but we also can find some relationships to the structural dimension of social capital or symbolic capital. For a ‘give strategy’, the behaviours are principally related to the development of symbolic capital; however, we can find some activities relating to the development of structural social capital. Hence, these strategies are not absolutely fixed in one orientation. Some start-up businesses also present behaviours existing in mature businesses and vice versa.

The work indicates possible relationships between the level of self versus others in the development of social capital, the nature of the intangible capital developed and the degree of maturity of the business. This requires further empirical and conceptual analysis and in particular further research to understand the dynamics of these orientations and strategies over time.

Figures

Orientation of practice in developing social capital.  
Relative degree of satisfying...



\* Cf. Nahapiet, J. and S. Ghoshal: 1998

**Figure 1: Three levels of responsible entrepreneurship identified in the self-written narratives of SME Business Profiles**

## **Appendix 1 Abstracted texts from Business Profiles categorised in relation to their appearance in the development of particular types of social capital**

As a detail explanation of the three different stages, following are specific activities from the businesses we are studying.

### **Social capital**

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#### **Structural dimension: Commercial values of Others & Life philosophy advocacy**

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##### Commercial values of others

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Support services; Advices for SMEs & non-profitable organisations; Deliver improved environment to customers; help customers to against MRSA disease; Increase employment wealth; Enable health & safety; help manufacturers to produce things faster, cheaper and with less waste; Improve management skills for clients; Lead to efficient business for customers; Reduce customers hassle; Assist organisations to get their message across; Keep clients working to aid commerce; Assist clients legally run business; Help clients in complex law problems; Provide training to customers; Provide innovative solutions helping in the streamlining of work/personal life; Improve practices to meet e-government target; No hard-sales—Gentlemanly sales, not ‘foot in the door’; See things from customers; No risk relations to clients; Understand end-user to provide certain information; consider difficulty they have; Provide information only relevant; Offer value to customers no matter it is large or small; Competitive prices

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##### Life philosophy advocacy

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Advocate relaxes life conception; Develop leisure time in life; Challenge conception held by the public; Products without flavouring/sweetener; Healthy alternative meals; Joie de vie; Add a health & safety feature; Make sure people don’t get dehydrated; Make people look & feel good & give confidence; Empower man to buy beauty products; Inspire people to seek help with hearing earlier & encourage youngsters to take care of hearing; Provide courses make people feel a sense of achievement that they never felt was possible; Gluten-free baking; House homeless people; Support woman isolated; Give confidence to realise there personal ability and extend themselves; Beneficial to the public to keep warm & clean & providing a good quality for family life; Provide more time for people to develop their work& personal life; Contribute to human happiness by sex toys; Health, fitness & enjoyment to wide community; Beneficial on kids; Enjoy social interaction with peers; help disadvantaged kids to catch up; Help holiday; Make more colourful, natural gorgeous places; Offer an experience/ sth a little bit different; Improve patients’ lives & teeth; Contribute people’s enjoyment in York; Enable young Scot to make informed decision

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#### **Relational dimension: Social accordance & Business accordance**

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Social accordance: I Local involvement & IIGlobal involvement

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##### I Local involvement

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Support sustainable future in communities; Traffic survey to save lives by making the roads

safer; Restore 2-hand computers & donate to local schools; Sponsoring football team; Encourage staff to be involved in local communities; Do project making contributing to sustainable development; Assist charitable organisations & project; Leader is active in local community; Train people; Support local church funds; Host visits for local village schools; Involving local corporate social responsibility project; Develop homelesses' self-esteem & make a contribution to the community; Assist in prevention of theft of library materials; Run a healthy class; Provide social opportunity for 60+ adults with learning disabilities, etc; Encourage companies to be proactive in environmental responsibility; Assist continued business growth; Safe children's lives; Benefit society by activating young people

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## II Global involvement

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Help UNISON; help Africa; Support the protection of international human rights; Provide tools helping corporations around globe for improvement; Save CO<sub>2</sub>, through energy consumption; train staff going back in turn raises the standard leadership worldly

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### Business accordance

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Share success with other businesses; Trust; Support the clients' staff; Never associated with brand damage with clients; Audit every job & invoice; Pay supplier on time; Ensure price reflects clients' budgets; Influence other business on practice; Pay on the same day as receive fund from their clients; No to procure any business by bribes, coercion, illegal means of persuasion; Build financial standing with suppliers; Maintain up-impeachable integrity standard in business relations both inside /outside company; Support other businesses, e.g. 'Beauty Culture'; Expect ethical standard from partners; Achieve success & growth by contributing partners business; Sustainable corporate growth driven by distributors; A fair-trade option & cost sensitive in budget; Help firms generate revenue & income

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## **Cognitive dimension: Public duty & Sustainable Employment**

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### Public duty

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Uphold the principles of brands we support; Economic health contribution; Student's opportunity to survive outside world; Sponsor & organise events around the country; Create both wealth & profit income through corporation taxes; Improve the value for money obtained by public bodies; Support NSPCC; Pay taxes, flights fair to make fine within the community; Chosen by Council to deliver IT training to ethnic minorities; Increase awareness & infection control; Work for local enterprise agency no charge; Funding provision for DPU9FT; supervise volunteers; Support NHS;

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### Sustainable Employment

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Content workforce; Adequate equipment; Employ right persons; IP protection; Increase employees motivation; Help access to employing; Listen to needs of members of the workforce; Never loose sight of what it's like to be an employee on pay day; Recruiting new staff to go ethical; Treat staff fairly; Measure employee's satisfaction & feedback; Flexible techniques for the best possible working environment; A huge beneficial effect on workers having opt out of office & take a lifestyle choice instead; Want staff to be happy creating good work life balance; No one gets sacked for taking risks; employ people who can do things you can't; Never a colleague down; Positively encourage staff to fulfil lifelong learning; Offer

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people get suitable alternative employment; Visible dedicated to employees; Create dynamic environment of sustainable corporate growth driven by employees; Unsurpassed staff care & development; Allow team to be empowered to make decisions to move business; Provide staff incredible experiences

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### **Symbolic capital**

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#### Business style/manner

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Strong vision; innovation; Understand members; Revolutionising home maintenance; Flexible, Helpful job; Get things right; Fairness; Tenacity; Passion; Treat everyone as you would wish to be treated; Believe & Trust team; Effective; Inspiration; Perspiration; Dedication; Honest; Polite; Work hard play hard culture; Never be satisfied; Enjoy work time; Focus on the importance of getting it right; Anytime, any place, anywhere—we'll be there; Loyalty; Reliability; Professionalism; Deliver relationship above clients' expectations; Passionate about automating & systematising; Create win-win situation; Integrity; Sustainability; Rely on mouth-word; Not to be the biggest but the best; Ensure each & make every job profit; Never compromise quality; Deliver efficiently at the lowest cost; Grow with reputation & service faltering; Creative thinking; Prepare the worst happens; Reduce complex legal arguments into simplistic language; Differentiating; Research & plan never be afraid to ask for help; No progress by avoiding decision; no secrets; Take long view; Be attention to detail in everything we do; Have confidence in products; if I mess up—put it right; Do a job well if worth doing; Tough love; Self- help; Stick to core business; Constant improvement in work; Put in 200% more than we expect to get; Personal approach to business; No waste time; Self awareness; Deal with companies have good reputation; Provide corporate quality; Address problem & not to bury head in the sand; Don't say you are to do something. you can't achieve; Professional; Add value where possible; A happy pet lives in a happy hutch; Never do it this way because we have done; Thank people; Constant evolution; apply 'big business' thinking while maintaining small business quality; Keep control of finance; invest in learning & new ideas; Teamwork always support; Not target clients/market we don't feel comfortable

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#### Reputation building

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Keep building on company in good relations with clients on quality & adaptability & service; Reputation is hard to earn but quick to lose; Don't do anything unless it adds tangible value

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#### Environmental morality

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Recycle papers & PCs; Highly fuel-efficient vehicles; Encourage public transport; Meet environmental codes & target improvements; Recycle paper; cardboard; Mental waste stream; Inkjet cartridges; Wind farms; Using biodegradable soaps to funding; Ultra-green; Avoid printing by emailing; Reuse leather & metal plates; No smoking; Reuse & dispose in a environmentally friendly manner; Support campaign of noise pollution; Switch to an environmentally sustainable source of electricity; No toxic waste; Drying machines of no harmful gases; Trying to use replanted wood; Never leave electrical equipment turned on; Environment & office workers etc. are protected from asbestos exposure; Encourage customers not to drop litter; Transported to customer & shipped orders reducing vehicle movement

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## Educational and Training investment

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Work placement for graduates; Active with universities; Student mentoring; Offer local schools for numerical & statistical work; Involving in local school & encourage youngsters to follow a career in Civil Engineering; Improve maths standard in the country; Educate people & Open source software; Well trained & motivated staff;

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