

Entrepreneurial Capital:
**A Resource-Based Conceptualisation
of the Entrepreneurial Process**

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1 Introduction

A myriad of approaches has been adopted in order to study and better understand entrepreneurship. From an early focus on the personality of the entrepreneur, there has been a shift to a broader examination of the nature and characteristics of this process (Bygrave and Hofer, 1991). As Morris (1998) observes, resources are a vital part of the entrepreneurial process and a key role of the entrepreneur is to determine, access and employ the necessary and appropriate resources. Importantly, while the “natural tendency is to assume that the principal resource required for any entrepreneurial event is money ... the critical resources are typically non-financial” (Morris, 1998:32). By way of supporting Morris' contention, consider the comments of the following male interviewee¹ about the process of starting a business:

We were talking about different ways it would be good to work for yourself. Everybody talks like that. But you have got to find something you can do different. Or you have to search the skills you have and see how you can use them to your benefit rather than someone else's.

Though he eventually had to seek finance for his venture, the resources he considered of primary importance were the “skills” – expertise, knowledge and experience – that he possessed. While few of the other people whose experiences are drawn on later in this paper were so explicit about the process by which they developed their businesses, a similar approach can be discerned. Each, in their own way, drew on and/or developed a range of resources in order to start and then run their venture.

Though it adopts a resource-based view of the entrepreneurial process, a perspective that has already received some attention (see Bush et al., 1997 for a useful overview), this paper offers an alternative and novel theoretical approach based on the notion of capital. In its common usage, capital is taken to represent material wealth that is owned, or that can be used to generate further wealth, and to normally describe the monetary value of that wealth (Bullock et al., 1988). However, prefacing of the term capital with various descriptors allows it to encompass a range of non-financial assets and resources that might be used in the entrepreneurial process. As well as economic capital, three other prominent forms feature in this discussion: cultural, social and human capital. Though these concepts have been employed to varying degrees in the study of entrepreneurship², they are used here as integral components of entrepreneurial capital, a concept which serves as the innovative centrepiece of this paper and that is progressively developed in subsequent sections.

In order to develop the concept of entrepreneurial capital, some preliminary discussions are undertaken. The first of these provides a brief overview of each of the four forms of capital and how they are used in this paper – economic, human, social and cultural. It also includes a review of how other selected writers have employed these concepts in relation to entrepreneurship. The convertibility of capital in its various forms is also considered in this second section. Throughout the paper, interview data from a study conducted in Hawkes Bay as part of the Labour Market Dynamics (LMD) Research Programme is presented in order to provide some

¹ One of the interviewees in the Labour Market Dynamics Research Project. More detail on this study is provided later in the paper.

² Examples of these will be provided in the various sub-sections that follow and which discuss the application of the different forms of capital in relation to entrepreneurship.

empirical grounding of the discussion. The third section is thus devoted to outlining that study and introducing the data drawn from it. Since the interviews were with self-employed people and their spouses or partners, many of whom were engaged in family businesses, the debates over whether the self-employed and family businesses should be considered entrepreneurial are also briefly considered in section three. Finally, in this section, some very general observations are presented which illustrate how the four forms of capital were apparent in these enterprises.

Following this groundwork, section four is devoted to the detailed development of the concept of entrepreneurial capital. As a first step, the total capital that a person possesses or can acquire is portrayed as made up of the four forms noted earlier – economic, human, social and cultural. It is argued, however, that this is better conceived of as spread across three domains – the economic, social and personal. Depending on the nature of the business, the people involved, and the contextual circumstances, components of a person's total capital will have entrepreneurial value – that is they are of some worth in relation to the entrepreneurial process and enterprise. Taken together, these components form a person's entrepreneurial capital that can be employed in the creation, development and maintenance of that enterprise. The practical application of this theoretical model is then illustrated in section five by four case studies drawn from the LMD Research Programme interviews.

2 The Forms of Capital

Four forms of capital are utilised in the development of the model of entrepreneurship being proposed here – economic, social, human and cultural capital. Each is briefly outlined to orientate the reader to how each form of capital is used in this paper and its utility in relation to entrepreneurship. Though a number of prominent theorists have contributed to the development of the conceptualisations of these forms of capital, the French theorist Bourdieu is central to the discussions as he offer the most systematic elaboration of the cultural and social forms. A number of other theorists are drawn on in relation to human capital. As well, an important overlapping idea, that of convertibility, is considered as it relates to all four forms of capital.

2.1 Economic Capital

Economic capital refers to financial assets of any form that are directly convertible into money (Bourdieu, 1986; Jary and Jary, 1995). As such, it requires little further elaboration. While Morris' (1998) caution against seeing entrepreneurial activity solely in terms of financial resources has already been noted, as Light and Karageorgis (1994) show in respect of ethnic entrepreneurship, financial capital has a prominent role as both a focus of study and as an explanatory variable. As well as being of considerable importance at start up, economic capital is also sometimes implicated in the closure of businesses.

Economic capital can be seen in terms of the equity people will have in their business and the borrowings they will make (Reynolds and White, 1997). Likely sources of the

latter include the entrepreneur(s) and other members of the initial enterprise at start up; friends, family and business associates; and institutional arrangements through banks and other financial companies, private investors, venture capitalists, stockholders, and government agencies.

2.2 Social Capital³

Social capital is defined by Bourdieu (1986:248) as “the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition – in other words, to membership of a group”. Lin (2001) also adopts a position that conceptualises social capital in terms of resources that are “embedded in social networks, accessed and used by actors for actions”. Portes (2000a; 2000b; 1998; 1995) takes a slightly different tack conceptualising social capital as the ability to secure resources, or benefits as he prefers to call them, consequent upon their membership in social networks or other social structures. How much social capital a person has depends, according to Bourdieu, on the size of their networks and the volume of capital (in the three forms he identifies) that members of that network have. It is produced through people’s ongoing efforts at establishing and sustaining relationships with others in their family, neighbourhoods, workplaces, sporting and social clubs, and so on, though these may not be conscious efforts at generating social capital per se. According to Lin (2001), a range of factors determine the value of social capital for an individual depending, firstly, on the circumstances of its usage, and then on the make up of the social structures and networks the person is part of, their location relative to other members, and the nature of the relationships they share with them.

In relation to entrepreneurship, social capital is used most commonly to describe “network-mediated benefits beyond the immediate family” (Portes, 1998:12). That is, the benefits and resources that accrue from the entrepreneur’s efforts at being part of and utilising a wide range of relationships (Aldrich and Zimmer, 1986; Birley, 1985). Brüderl and Preisendörfer (1998) usefully coin the idea of a social capital metaphor to capture the range of approaches to considering networks in business. Some of these use various related concepts (such as ties or embeddedness, for instance) whilst others work within the more specific framework of social capital described above.

Though less prominent, a second way that social capital is used in relation to entrepreneurial activity is associated with relationships within the family. Bourdieu (1985:249) clearly includes this as one of the “socially instituted” relationships that is a source of particular resources and benefits enjoyed by relatives by virtue of their

³ Some confusion exists over the meaning of the term social capital (Lin 2001; Portes, 2000a; 2000b 1998; Schuller, 2000). At one level, this is the result of social capital being used in two senses – one with a communal emphasis, and the other more individually orientated. In response, Lin (2001:26) argues that the widely held view is that social capital can be both a collective and individual good. It becomes important in any discussion of social capital, therefore, to make clear how the concept is being employed in that particular context. Thus, in this paper the concept is more individually orientated. Greater confusion is likely to arise from what Lin (ibid) describes as the tendency for social capital to be employed as another trendy term in the broad context of improving or building social integration and solidarity. In this sense, Lin sees it as often used to represent notions such as culture, trust or norms with problems arising because such interchangeability cannot always be assumed.

being part of that family. As one of the few instances of this approach being explicitly employed in relation to entrepreneurship, Sanders and Nee (1996) employ this idea in their study of family and extended family relationships in respect of small business activity in immigrant populations. These authors incorporate a number of relationships (e.g. children and extended family) into their discussion. Elsewhere, I focus exclusively on the social capital between spouses or partners (Firkin, 2001).

2.3 Human Capital

Human capital is often limited in meaning to ideas about formal qualifications, skills and work experience. Indeed Becker (1993), in his key work in this area, opens with a broad notion of what human capital might encompass, but then goes on to reinforce this narrower conception. However, human capital can be seen to entail a great deal more than education and training: “It is a compendium of all traits and abilities that make human beings economically productive in a society” (Shanahan and Tuma, 1994:746). This includes both innate characteristics and those that are acquired.

Like social capital, the concept of human capital is well established within the field of entrepreneurship. However, there are wide variations in how this concept is operationalised and employed. The concept of entrepreneurial human capital is sometimes used, though here too there is considerable variation in its usage (for example, compare Nafziger and Terrell, 1996; Gimeno et al., 1997; Iyigun and Owen, 1999). While not necessarily intended as such, Brüderl et al. (1992) provide a basis for summarising the various ways that human capital is used in relation to entrepreneurship. Following Becker (1993), their model incorporates general and specific human capital. General human capital encompasses a person’s formal education and prior work experience. A range of personal attributes could also be included in this category. The latter is made up of industry-specific and entrepreneur-specific components. As the term suggests, industry-specific human capital is knowledge, training, skills and experience related to a particular industry or sector. Entrepreneur-specific human capital includes a person’s previous experience and family background in entrepreneurship. As well, the approach of Brüderl et al. (1992) could be extended to include personal characteristics necessary for self-employment. Gilbertson et al. (1994) found that a willingness to work hard, to commit long hours, and to be highly motivated were some of these particular characteristics in a small group of New Zealand entrepreneurs that they surveyed.

2.4 Cultural Capital

Bourdieu (1986) defines cultural capital in terms of three states. Firstly, it has an embodied state comprising “long lasting dispositions of the mind and body” (Bourdieu, 1986:243-244), that is, shared knowledge and values, tacit understandings, common language usage, collective styles and so on, that contribute to the presentation of the self in particular ways (Harker, 1990; DiMaggio, 1994). Such embodiment occurs across time and forms part of an ongoing socialisation process, particularly though the family (Bourdieu, 1986:244).

Cultural capital also has an objectified state that encompasses “cultural goods (pictures, books, dictionaries, instruments, machines etc)” that have a material condition but which also have a symbolic value (Bourdieu, 1986:243). That is, they have worth because of how they are viewed, understood and appreciated by members of a group and, as such, this worth is closely aligned with the embodiment of cultural capital. Finally, educational attainment and qualifications make up the institutional state of cultural capital. In comparison with other aspects of cultural capital, these provide some officially certified level of competence that, although held by a person, is relatively autonomous from them.

Though some aspects of cultural capital, most particularly in its institutional state, are similar to human capital, important distinctions exist. As well, in its embodied and material states cultural capital encompasses aspects not considered by human capital. Given the benefits that arise from considering both forms, ways of incorporating the two have been suggested. For example, de Bruin (1998b) develops an expanded notion of human capital theory that incorporates embodied cultural capital. In doing so she also opens up the idea of cultural capital. Whereas Bourdieu emphasises its class nature, de Bruin pays attention to the notion of ethnicity and argues that though people from outside the dominant culture are often at a disadvantage, they still possess embodied cultural capital that is shared with others because of common ethnicity. Rather than focusing solely on how a lack of dominant cultural capital disadvantages groups, de Bruin highlights how the cultural capital shared by these other groups can, under certain conditions, provide positive resources and the basis for opportunity. In this respect I would argue that cultural capital can bridge both the individual and the social in that long lasting dispositions of body and mind are embodied in people, but these have meaning and value in relationship with others. They also have the potential to be utilised in an entrepreneurial sense to provide goods and services in particular ways and forms that are preferred and valued by groups.

If the term ethnic is used more freely to identify collectives whose “members have some awareness of group membership and a common origin and culture, or that others think of them as having these attributes” (Aldrich and Waldinger, 1990:112), then it becomes possible to consider a range of groups that could possess cultural capital. For example, local communities exhibit characteristics that fit this definition. Thus, though they might share many of these with a wider population, there might be features that are more specific to, or characteristic of, a particular locality and its citizens. This cultural capital could be utilised in an entrepreneurial sense. de Bruin and Dupuis (1995), and de Bruin (1998a) make just this point in relation to community entrepreneurship, though here I concentrate on its applicability at the individual level. Unlike the other forms of capital, cultural capital does not have a strong presence in the literature on entrepreneurship.

2.5 Convertibility

A key characteristic of Bourdieu’s discussion of capital, and one that has important implications here, is the notion of convertibility – how each form of capital can be converted from and into other forms of capital. They can also be held and used in concert. Importantly, as Portes (1998:4) summarises it, “though Bourdieu insists that the outcomes of the possession of social and cultural capital are reducible to economic

capital, the processes that bring about these alternative forms are not". That is, the benefits of social and cultural capital may be translated into monetary forms, but money alone, if at all, cannot immediately lay claim to social and cultural capital. Any conversion that does eventuate is likely to occur across considerable periods of time and be the outcome of a complex, multifarious and contingent process.

The nature of this process is particularly clear when cultural and human capital are compared. The latter portrays the outcomes of education – status and income, for instance – as merely the direct returns on an economic investment. However, the former takes a far less simplistic view that includes, as pivotal, how the family, through their class, standing, attitudes, knowledge, resources, networks and so on, influences this process and outcomes.

Beyond their general application to the various forms of capital, ideas regarding convertibility have a specific application in relation to the model of entrepreneurship being proposed in this paper. Essentially, this is based on the convertibility of a person's capital, in various forms, into use in the entrepreneurial process. While some aspects of their capital are entrepreneurial in their orientation, such as the desire to be self-employed or prior entrepreneurial experience, others are not necessarily or automatically entrepreneurial in nature. Thus, for instance, people can have a trade or profession without being self-employed. However, there are circumstances where such attributes or qualifications – people's human capital – can be converted to an entrepreneurial use.

3 The Interview Data

The data used in this paper is drawn from a study conducted as part of the Labour Market Dynamics Research Programme (LMD). In this retrospective study, which focused on the Hawkes Bay region of New Zealand, 164 people in 96 households were interviewed regarding their work histories between 1985 and 1995⁴. These interviews provided rich accounts of people's various labour market experiences and transitions during this time. Both unpaid and paid work were considered. As well as domestic roles and responsibilities, the former also included voluntary work, education and training, and people's experiences of welfare. The latter encompassed various forms of paid employment: full time, part time, casual and seasonal. It also covered self-employment and whilst the study was not just focused on this form of paid work, considerable detail was gathered on people who had been employed in this way for some or all of the study period. Given that the research project was concerned with gathering data at the individual and household level, where possible, both partners in a relationship were interviewed.

Analysis of these interviews revealed that people in approximately one quarter of the households identified themselves as self-employed for some or all of the period under study. Table 1 outlines the types of enterprises that they were engaged in. Given that none of the enterprises employed more than twelve people, they would all fit into the

⁴ Shirley et al. (2001a, b & c) report on the findings of this larger qualitative inquiry. A related report on a survey of over 800 households in this area is also available (Shirley et al., 1997).

category of small businesses (Cameron et al., 1997). In fact, since most had fewer than five employees, the majority tended towards the lower end of this category. This reflects the prominence of small and medium-sized enterprises in the New Zealand economy (ibid). Many people described their ventures as small, family-style businesses. For instance, sole operators managed around 40% of the 29 businesses, while approximately 60% were based in, or in some way managed from, the person's home. As can be seen from Table 1, four people ran two businesses over the study period.

The various businesses identified in the LMD interviews were often characterised as forms of self-employment, family business, or both. Yet these are often disputed areas in relation to particular views of entrepreneurship. Upton and Heck (1997), for instance, illustrate the debate over whether a family business can be considered entrepreneurial. Their concession that some family firms satisfy various types of entrepreneurial definition suggests that these need not automatically be excluded. In relation to self-employment, Carroll and Mosakowski (1987:571) point out that this is also a contentious area – “there is some correspondence between entrepreneurship and self-employment, although it is not exact”. Indeed, Aldrich and Waldinger (1990) note concerted efforts to differentiate entrepreneurs from the self-employed. Against this view Aldrich and Waldinger (1990:113) specifically include the self-employed and family-style enterprises in their definition of entrepreneurship. Similarly, Reynolds (1991; and with White, 1997) views self-employment as one form of entrepreneurship while Blanchflower and Oswald (1998:27) put it quite succinctly: “The simplest kind of entrepreneurship is self-employment”. In short, sufficient support exists for the businesses discussed here to be deemed entrepreneurial and for those who ran them to be termed entrepreneurs.

While some of the businesses could easily be described as co-owned by spouses or owned by one person, the original interview guides did not require the collection of precise ownership details. Thus, the exact ownership structure of each business was not always clear. Despite this, each enterprise had what I term a principal: someone who was solely engaged in the enterprise and appeared to drive and be largely responsible for the formation and ongoing operation of the business. Given that in one household both the husband and wife each had their own business, a total of twenty-five principals can be identified⁵. Only four of these were women, and just two – a man and a woman – identified themselves as Maori (see Table 1).

Varying degrees and sources of finance were utilised by entrepreneurs to start their businesses, from quite small amounts through to substantial borrowings. As well as savings, income from other employment was utilised. Institutional providers were the sources for some loans, while families were less frequently used. People employed various other forms of capital to reduce the finance they required – say through wives or partners working as unpaid employees. As well as playing a role in business foundings, problems around economic capital were influential in the demise of some businesses.

⁵ It is readily accepted that in some cases where co-ownership existed between husband and wife then the idea of copreneurs (Smith, 2000; Baines and Wheelock, 1998; Marshack, 1994 for example) might be more accurate. However, a lack of precision in questioning around, and articulation of, the organisational structure prevents this sort of breakdown.

Table 1: Previous employment and types of enterprises

Prior Occupation of Principal	Type of business (1)	Type of business (2)
GROUP A		
Mason Plumber Plumber Accountant Office work/secretarial (f) Solicitor Livestock Buyer Painter Veterinarian (M) Electronic technician Steel Reinforcing Worker (M) Engineer Farm Manager** Scrap Metal dealer	Masonry Plumbing Plumbing Accounting <i>Secretarial services</i> <i>Law Practice</i> Livestock Trading Painting Veterinarian Practice Educational Computer Software Steel Reinforcing Light Engineering Fencing Scrap metal dealing	<i>Goat & Lamb Meat Specialist Products</i> <i>Computer Hardware Support Service</i>
GROUP B		
Farmer Farmer Engineering Sales Carpentry Farm worker & Meat worker** Hotel Manager (f)	Farmer Orchard <i>Brake Cylinder Re-sleeving</i> <i>Concrete Work</i> Possum Trapping Takeaway Bar	<i>Wool Insulation (Sales & Franchising)</i> Possum Trapping
GROUP C		
Office work (f) Meat Inspector** Draughtsman Mother (f) School Principal	Writing Painting Courier Driver Wood turning Horticultural enterprise (flowers, vegetables & fruit)	

Notes: **Bold** business predated start of survey period
Italics business was ongoing at time of interview
Both business predated AND ongoing
 **: moved into self-employment following redundancy
 (f) female principal
 (M) principal identified as Maori

As can be seen in Table 1 (Group A)⁶, over half of the entrepreneurs brought specific human capital into the enterprise, usually in the form of trade or professional qualifications and associated work experience. Indeed, many businesses grew out of the possession of such capital. Another group utilised a narrower range of specific human capital in the form of related skills and experience (Table 1 – Group B)⁷. Finally, though the third group had no specific capital, like all the others they started their businesses after some years of paid employment. Thus they brought general human capital to their enterprise in the form of accumulated work skills and experience, as well as more general educational qualifications (Table 1 – Group C). A range of personal attributes was drawn on by people, including drive, commitment, energy, enthusiasm and self discipline. Most common was a propensity for hard work. The four cases of people who started second businesses illustrate entrepreneurial-

⁶ Although the scrap metal dealer is placed in this group, he had owned this business for many years (>30) and no details were available as to his prior work.

⁷ No details on how the first farmer in group B came to farming are available. Thus he is located in the second group in relation to his subsequent business.

specific human capital. This proved valuable in the success of their subsequent enterprises.

All but four of the households were made up of couples, and children were present in about 60% of households. Thus, social capital within the family was a frequent source of benefits and resources, and this was especially true for male entrepreneurs. Many of their wives or partners had active or prominent roles in the businesses in some way. Sometimes this was formalised as a paid employee, though many filled these positions informally. A mix of the two was not uncommon. Regardless of their status, they performed a range of tasks that were often vital to the functioning or survival of the enterprise but were most often described in a supportive or ancillary sense – ‘helping out’. Furthermore, even when the wives or partners of male principals did not have a role in the business, they made valuable indirect contributions through caring for the home and family. It was not unusual for them to combine roles in the business and the family. In some cases, wives or partners also engaged in other paid employment.

The experiences of the female entrepreneurs were considerably different. Firstly, their home and family responsibilities remained primary, with their business participation conditional on these. Though a small shift did occur late in one case, as a rule, none of their husbands or partners radically increased their contributions to the household- or family-related tasks, nor were any of them directly involved in the women’s enterprises. Given the secondary nature of the female entrepreneurs’ ventures, the income of their husband or partner was central to supporting the household. This factor was acknowledged by the women as allowing them to pursue their businesses. In contrast, all the men saw their businesses as the primary source of income for the family, hence their expectations regarding the various roles and contributions of their wives or partners. Aspects of these various findings in respect of male and female entrepreneurs and their partners confirm trends in other related research (e.g. Rowe and Hong, 2000; Smith, 2000; Baines and Wheelock, 1998; Marshack, 1994).

Outside of the family, people utilised a range of existing networks to benefit their businesses. This was a major feature of most enterprises and was usually in relation to developing a customer base. These networks could have pre-existed, such as those developed through people’s previous work associations. As well, new contacts and relationships were nurtured. More socially orientated networks also proved useful in relation to starting and running businesses.

Examples of cultural capital were less evident from the data set. Neither of the businesses run by people who identified themselves as Maori drew on cultural capital that could be associated in any way with being Maori. However, there was something of a sense of the cultural capital from within communities in a couple of the interviews when people spoke of the need for, and the benefits that can be gained from, knowing a local area, and the tastes and preferences of the people who live there.

4 Entrepreneurial Capital – The Model

What has been demonstrated thus far is the potential that the different forms of capital have for encapsulating the many resources that people require, possess and ultimately utilise in the process of entrepreneurship. It should also be clear from the preceding discussion that using these various notions of capital is not new to the study of entrepreneurship. However, how this has usually been employed is worth considering.

In entrepreneurial research these forms of capital are often variously and narrowly operationalised. Honig (1998), for example, in his study of Jamaican micro-entrepreneurs, considers social capital in terms of marriage and close church affiliation, and human capital solely in terms of educational levels. While these are aspects of the forms of capital under consideration, at best what is being considered are components of that larger concept. Many other features could be considered under the categories of social or human capital. The wider the range of factors, the more complete the picture of the entrepreneurs' social and human capital.

Such narrow or limited conceptualisations are usually a response to the challenges inherent in trying to identify all the components of any form of capital, especially in relation to a number of entrepreneurs. They also make the efforts of investigators more manageable when they seek to test the significance of aspects of a particular form of capital, such as those considered by Honig (1998), for explaining new founding rates and the success or failure of businesses, both within and between certain groups. Though necessary for such an analysis, this selective approach creates some problems. While there may be some similarities in the characteristics of like named concepts, more often these components are somewhat different in each study. For example, I would struggle to find other instances of social capital conceptualised as church associations, as Honig (1998) does in his research. Such disparate interpretations of the same terms make for a fragmented sense of what constitutes the forms of capital.

It is quite common, as well, for the forms of capital to be studied in isolation. Thus, human capital, usually presented as a small set of narrowly operationalised components, it should be added, will be studied in relation to some aspect of entrepreneurship. Sometimes the inter-relationships of another form of capital, often economic capital, is contemplated, but it is highly unlikely that capital in a variety of forms would be considered. Honig's (1998) piece is, therefore, somewhat unusual in this regard. As is evident in his work, even when multiple forms are incorporated, they are often examined separately in respect of their influence on the entrepreneurial process.

The model proposed here takes a different approach from these general trends in the use of capital in entrepreneurial research. Firstly, rather than seeking explanatory variables, this study utilises capital as a mechanism for conceptualising the entrepreneurial process. Secondly, four forms of capital, as already outlined, are considered in each analysis. Finally, within each form a broad and inclusive definitional framework is adopted. This is intended to generate an analysis of any entrepreneurial process that deliberately draws in all the identifiable resources that the entrepreneur may utilise.

What is useful about the model is that it moves beyond characterising entrepreneurship in relation to just one or other of the forms of capital, or in respect of a limited number of features of any one form. Instead it considers how an instance of entrepreneurship is made up of a mix of various forms of capital, which are themselves composed of many different facets. This mix is in part the result of the convertibility of capital from one form to another. Thus, entrepreneurs use different forms of capital as an alternative to financial expenditure, where financial expenditure might not be able to realise the same benefits, and to enhance profitability. It is also the outcome of the basic fact that an enterprise, regardless of how simple, is made up of various components and requires a range of inputs to function. The last point reiterates Morris' (1998) argument at the beginning of this paper. The entrepreneur may possess these inputs, or have to acquire or access them in some way. In general terms businesses usually need staff, suppliers, customers, facilities, and materials to provide a product or service. Any one of these might involve the entrepreneur in spending money, in some way making use of other people they know, or employing their own skills and attributes. The particular mix of capital can be different depending on the nature of an enterprise and the entrepreneur. Moreover, it can change across time in relation to the lifecycle of the enterprise as well as internal and external circumstances. Thus, an entrepreneur may utilise a larger number and more diverse aspects of the different forms of capital at start up than during a more settled phase. If they decide to expand an established business, or economic conditions deteriorate, then additional capital in various forms might be necessary. Accordingly, entrepreneurship can be viewed as the exercise of capital.

A model for describing the make up and inter-relationships of the various forms of capital that an individual possesses is proposed in Figure 1. Rather than simply basing this on the four forms of capital already described, three broad domains of capital are identified, amongst which these four forms are distributed. The decision to introduce the idea of personal capital reflects two key issues. Firstly, personal capital is made up of an expanded view of human capital that encompasses the general and two specific types outlined earlier, as well as a person's attributes. Secondly, as previously argued, cultural capital can be seen to span both the personal and social dimensions, hence its location in both. Instead of just opting to simply incorporate these features into an expanded form of human capital, an alternative term seemed one way to reinforce the expanded scope of this domain. As well, it nicely contrasts with the social, highlighting that capital in one form resides with the individual and in the other it "inheres in the structure of relationships" (Portes, 1998a:7). Lin (2001) makes a similar distinction in his differentiation of personal resources and social resources, thereby adding further support to such an approach.

The capital an individual possesses then, is identifiable as the sum of their economic, social and personal capital. Naturally, not every aspect of a person's total capital will be useful in an entrepreneurial sense. Being a qualified meat inspector, for example, had no benefits for the man who ran his own house painting business for a time. Nor does every person have access to the same sorts and levels of capital. The former is apparent by considering that those entrepreneurs not married or in like relationships cannot draw on the social capital that is available through a spouse or partner while the latter is illustrated by the different amounts of financial capital people have. Thus, entrepreneurial capital is made up of those aspects of a person's total capital that have an entrepreneurial value. That is, they hold some worth in an entrepreneurial context

and in relation to the entrepreneurial process. This entrepreneurial aspect to the notion of convertibility means that various components of an individual's capital can, depending on circumstances, be converted to an entrepreneurial purpose or advantage. Those parts which can be so converted possess varying degrees of entrepreneurial value – for instance, some are essential, others very useful, and some helpful but not essential.

It is important to acknowledge that the notion of entrepreneurial capital is not employed as a static concept in this model. Rather it is recognised as a dynamic aspect of people's lives. This allows for the entrepreneurial value of aspects of capital to possibly change across time, such as in the case of one of the plumbers whose broad industry and social networks gradually weakened in importance to the business as he concentrated solely on sub-contracting to one construction company. It can also mean that when people do not possess particular forms of capital necessary for starting or running a business, they may have to acquire or access these in various ways. For instance, many of the entrepreneurs were engaged in the ongoing development of networks that would be of some advantage to the business. As well, some of them learnt skills necessary for running their enterprise. Though a number of the entrepreneurs benefited from their wives or female partners doing the accounts for a business, they were not all skilled in this respect at the outset and often had to obtain the necessary knowledge and skills to help with their partner's business. Thus, this model considers the entrepreneur as the person who possesses or appropriates various forms of capital that are then mobilised in the founding, development and maintenance of an enterprise.

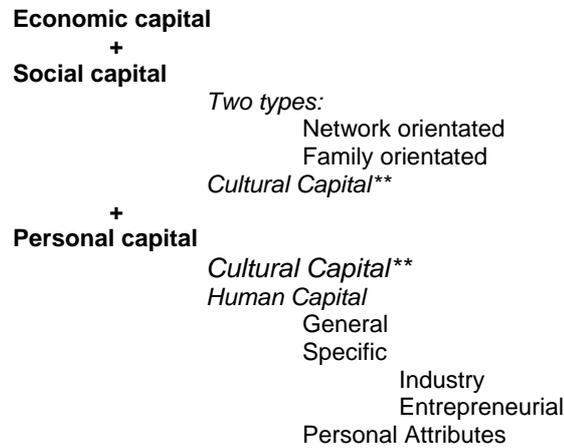
Finally, such an approach has a useful fit with the notion of constrained entrepreneurship as developed by de Bruin and Dupuis (2000) to overcome shortcomings in transaction cost economics and bounded rationality. This incorporates a similar view of entrepreneurship as adopted here, but adds the dimension of 'constraint' to acknowledge that entrepreneurs always have to operate within various limits. These might be, for instance, limits on information, finance or other forms of capital. Thus, the entrepreneurial capital – both as individual components and as a mix of various forms of capital – that any entrepreneur possesses or accesses is constrained. However, an important feature of this model and one that de Bruin and Dupuis (*ibid*) point out citing their work on women street vendors, such limits do not necessarily curtail entrepreneurial drive or activity but may shape the form and processes that result. Thus, as the case studies will illustrate and de Bruin and Dupuis (2000:11) point out, "possibilities exist within the context of constraint". Though they operated within certain limits or constraints, the entrepreneurs in this study were still able to utilise their capital in various forms to overcome challenges and realise their goals.

5 Some Case Studies in Entrepreneurial Capital

To this point the interview data has only been briefly employed to offer some general observations regarding the presence of the forms of capital in the businesses under discussion. It can now be used to ground and illustrate the model of entrepreneurial

capital that has been theoretically developed thus far. Case studies provide a useful way of achieving this focus and detail. For the purposes of this paper, four have been selected. Collectively these case studies demonstrate a wide range of features of the model, and when compared they offer some interesting contrasts.

Figure 1: Components of an individual's capital



*** Aspects of Cultural Capital lie in both the personal and social categories.*

5.1 Case One

The first case involves one of the two plumbing businesses. Clearly the man's trade qualification acted as the industry-specific human capital for this venture, though not being fully qualified limited the activities that he could undertake and made self-employment even more uncertain.

I didn't have the last qualifying ticket, which legally I wasn't able to be a self-employed plumber. I wasn't allowed to take up permits or anything like that. So it was a big risk.

After six years in operation, and despite these limitations, the business appeared quite successful. His time as an apprentice in the same area clearly equipped him with valuable information about plying his trade in the locality.

Both husband and wife had thought long and hard about the move to self-employment, and made some significant lifestyle changes to prepare for it. While they took out a loan to finance the start up, other factors also contributed to their economic capital.

We planned and we thought okay, we are going to have to do this so let's get some things started. ...budgeting, lowering our spending so we can get ready for it and borrowed \$12,000. By the time we purchased a vehicle we had \$4,000 of working capital.

Reflecting a common disposition among the associates of this group of nascent entrepreneurs, many of the husband's friends and colleagues could not fathom why he

would give up a secure income for the uncertainty of working for himself. However, like other entrepreneurs, he had quite a different evaluation of his position.

I was dissatisfied probably for the last twelve months I was employed and that progressed in degrees of dissatisfaction.

Having such different perspectives frequently allowed those contemplating self-employment to cope with uncertainty and risk if it meant having more control over their working life.

Probably a natural progression really. Having responsibility, needing more responsibility, not happy with the regime. ...I needed more.

Being able to take risks, cope with uncertainty, and the desire to have greater personal autonomy in their work are aspects of an individual's personal capital. As in this case, these were often important ingredients for starting and running a business.

As she makes clear in this next quote, during the early years of the business the wife worked part time on top of caring for their children to help support their precarious financial position.

When I went back [to work] after [my daughter's birth] it was financial. ...The financial situation dictated that I needed to do something so it was a decision between both of us.

Use of the social capital between spouses was evident in other ways. The wife had always been the office manager for the company, a role that involved doing the accounts, typing, banking, and liaising with customers. It took between 10 and 16 hours per week. She drew on a background in office and administrative work in doing these tasks. Though she received no direct and specific payment, she shared in drawings and profits. As is clear in her decision at one point to give up paid work, her role was a vital one in the enterprise. Alongside restructuring at her workplace, and a desire to spend more time with her daughter prior to her starting school, she clearly cited a desire to devote more time to the business as a key reason for this move.

The business got a bit bigger and I wasn't spending enough time helping [my husband] with his business. ...It meant I could keep on top of ... like if [the business] had phone calls coming in through the day they got personal attention rather than leaving a message on an answerphone and we felt we were able to offer a better service to people.

So important were her contributions that, despite having returned to a paid job, at the time of interview she was thinking of having another period of time at home to devote to the company. Notice, however, that she still describes it as "his" business.

The use of social capital outside the family was also a feature of this case, with the man relying on his personal network – built up socially and through work – to provide his customer base.

I had one job to start. ...[But] I know a lot of people. I have been around [here] for most of my working life and one job leads to another.

Being well known in the community led to a steady stream of work and he had never had to advertise. As his business was only a small player in the industry, the contacts he had could offer no special benefits in respect of supplies. However, relationships he had established as an employee did help him find suitable people to employ in his own business - something he saw as a critical and difficult aspect of running a small business.

[An employee] carries the flag of our business on his back. He goes out by himself. He is a representative of our business. ...Most definitely it is hard to find good employees.

The business's only employee was a young man whom the owner had known for many years prior to starting his own business. Though he began as a sole operator, when the venture finally took off the owner was able to offer the young man full time work. Given his earlier comments it is unsurprising that he was both pleased and relieved to have someone whose work was of a high standard and who would be a good ambassador for the business. As well, when particularly busy, he subcontracted to another sole operator whom he knew well and trusted, and whose work was of a sufficient quality.

5.2 Case Two

A specialist meat processing, distribution and marketing enterprise provides the second case to be examined. The two key product areas of the enterprise were goat and lamb meat. It grew out of the entrepreneur's long involvement in the livestock industry. He had previously run his own business trading livestock and had then established this business with a partner. As well as his background and expertise, the previous experience he had in running a business was a critical asset. So, too, were the many personal attributes he brought to the enterprise.

I'm an ideas person, and I'm an organising person in the way of setting things up. ...[I'm] into all this personal motivation, goal setting... It's what you can do for yourself sort of thing.

He also displayed a very positive and energetic manner and exhibited an innovative and risk taking disposition.

It was either [this] or stay in the comfort zone and get bored or frustrated.

To his mind, though, the risks were very calculated in that he felt that his background and knowledge took a lot of uncertainty out of fulfilling his vision. Innovative aspects of the business were not just evident in the decision to market goat meat but also in the promotion of novel cuts and speciality products, as well as the provision of cooking and product advice. In addition, he was always exploring ways to promote the products and services and thereby grow the business.

We concentrate on the rural sector and we look at developing new opportunities ... we have been concentrating on having processed on our behalf for both export and local market, goat meat ... we do [other] specialised meat options ... we've got a lot of interest from farmers, we do it on behalf of farmers the same way ... we sell recipe books as well, it's a recipe book with all the modern cuts which works ideally for what we've got, so we can show people what they do.

This was a case where a hint of the idea of cultural capital associated with belonging to a particular community was in evidence. For him this meant specialist knowledge of what the area could provide and of its residents. In this way he could draw on resources within the region to exploit the particular tastes and preferences, and parochial nature, of the people who lived there.

Though he and his business partner had been deliberately growing this business quite slowly, financial capital was still an issue.

We've put all our own money into it and [our partner's] put his money into it and we've just been doing it on our own resources and borrowing ourselves. ...When you've got continual outgoings and nothing coming in it does get quite frustrating ...[but] as long as we can maintain generating some sort of income for the business then we'll just live on what we need each week.

Whilst they might have been able to bolster their financial situation with grant money, the time and effort needed to apply for this was seen as only taking them away from the important tasks of developing and running the business.

The maintenance of a frugal lifestyle and, at one point, the wife's part time work had all helped with their precarious financial position.

[She] had started working part time, so that was good and so that helped when we had our own down times.

However, the demands of the enterprise saw her give up this job to help out in the business.

It just got to the stage where I just couldn't handle everything. ...there's a tremendous amount of book work and faxing and writing up books and doing all those sort of things and if I didn't get out there and move and look at stock and do all these sorts of things well we wouldn't have any income coming in. So [my wife] left her job and with the bit of savings we had left it kept us going for a while. We've run out of those now.

Without this move the husband would not have had the same time to promote and develop the company. The wife performed a range of duties.

I do bits here and there ... I help out. I do all the books and you know. And then when we have meat and things to pack and anything else that's wrong I help with that.

Up to this point she had been undertaking this work on top of her job.

I was working at home here anyway, really, but I was just doing it in the evenings. But by the time you get home from work you don't really feel like having to do more office work at night.

Thus, for her, the move from her former employment was welcome as it reduced the negative impacts of having two roles. To facilitate this change they used up economic capital in the form of valuable savings.

Social capital from within the family was, therefore, vitally important for this business. So, too, was social capital arising out of more general networks. Much of the husband's role involved establishing and maintaining a whole host of relationships to benefit the business. This often drew on his background and networks in the livestock industry. It was particularly important for identifying suppliers of different breeds of livestock, which was a key to his company's approach.

[Customers] will also be able to have the choice of a breed from what we have available, so we have an alignment with those breeders and they supply us ... we're working on with the special breeds people and stud people ... because there is a tremendous difference in different breeds.

Networking was also vital for developing a customer base. At times this man's heavy involvement in the community through sporting, service and church organisations was of use. As well as existing networks, he was always keenly aware of opportunities that might arise in a range of settings.

[I was] having a few beers with the guys down at the tavern. A guy was saying, 'I shouldn't be here, I've got to kill a mutton for Christmas and all that'. So I rang him that night and said, 'You send them over to the abattoir... and we'll process them for you'. So he sent five and he just raved about it. Every time he saw me. I walked into the hotel about three weeks later and a couple of guys came and said, 'What's this blooming product you're doing? ...You know, the meat. So and so was telling us about it'. I said, 'Do you want some?' 'Oh yes'. So it has got a lot of potential, just from that angle. Just doing it for farmers.

Social capital was thus implicated in this man's networks of suppliers, distributors and customers.

5.3 Case Three

The next case to be considered concerns a horticultural enterprise commenced by a married couple who were motivated, in part, by wanting a lifestyle where they could share work and domestic responsibilities. As such, this could in many respects be considered a copreneurial venture (Smith, 2000; Baines and Wheelock, 1998; Marshack, 1994). However, the interviews revealed that the shift to self-employment and the subsequent running of the business was very much instigated, led, and heavily influenced by the husband, as the principal. After having been a schoolteacher for many years, including several as a principal, he decided to attempt self-employment through a mixed horticultural venture that grew flowers, vegetables and fruit commercially for export.

Though wanting to be self-employed, this man also wanted a change from how he had spent much of his working life. Thus, he did not look to base any venture on his industry-specific human capital in the area of education. A shift from school teaching to horticulture is quite significant, however, and though he brought general business management skills from his previous work, he had to go about deliberately acquiring the more specific skills and knowledge he needed. This was done, in part, by experimenting on a property they had previously owned.

We had an interesting lifestyle on a small block of land and we had a real successful experience in doing things that we had done there, planting lots of trees and doing lots of activities on a smaller scale. I was keen to extend that and see if we could grow flowers commercially.

To this enterprise he brought a desire to be self-employed after many years as an employee and public servant. He was prepared to take a risk and, as will be shortly illustrated, was willing to work extremely hard.

The initial step involved the purchase of a larger property. Though over time this couple had had good incomes and developed equity through the prior ownership of property, the new enterprise still required a substantial mortgage, which later had significant implications for its viability. It would result in a major change to their plans and ultimately contribute to them opting out of the business. Initially it was intended that the husband would continue to supplement their income with part time teaching. However, circumstances changed dramatically.

When we shifted [to our new property] ... the sharemarket had crashed and interest rates had increased tremendously so suddenly there was quite a pressure on us in terms of mortgage repayments that we hadn't expected. When we made the decision to purchase, interest rates were something like

8%, by the time we shifted to our property we were paying 21%. Our budgets were blown a bit and it meant we needed to earn a lot more money than we had thought. We developed the flower growing side, the horticultural side of the property, quickly. Money started coming in but not enough to pay all the bills. I stopped work first of all to actually devote more time to establishing the business and [my wife] started work. ...[She] was teaching at a primary school. ...I looked after the baby and worked during the day. ...I was also driving the school bus, it was quite a busy time.

The remark that it was quite a busy time is certainly an understatement. Consider the detail of their daily programme.

I would get up in the morning and drive the school bus and then on my way back I would call in at [my wife's] school and pick up the baby and go home and I would work with him, carry him around the property in a wheelbarrow all day. About three o'clock I would go off and drop the baby at [my wife's] school, and drive the school bus and then I would come home and [my wife] would have cooked the meal and then I would start working again.

His wife also helped out in the business each evening.

This transition from full time mother to full time worker was a difficult one for the woman, something her husband readily acknowledged. It was necessary, however, for their financial survival and the fact that she did this despite its effects on her illustrates the strength of social capital in a marriage or like relationship. It also highlights a negative outcome.

[My wife] hated going off to work and leaving the baby at home and the baby hated [her] going off to work and I hated seeing it all.

Ultimately it would contribute to their decision to quit the business. Though both put up with this for a time, in the hope that they could survive these difficult circumstances, eventually they decided the price was too high. This was not a decision based on just financial considerations, however.

Our product was getting good prices and everything was going well on the business side of it. We would have come out of it in four, five, or six years and we would have been well off.

Rather, it centred on the emotional and physical costs of using other forms of capital in order to cope with the financial stresses.

Other types of social capital did not seem to play as large a role in this enterprise. However, extended family provided one source of finance that was utilised in an effort to manage the spiralling interest costs. The disjuncture between the man's background and the business he started may help account for a lack of networks that he could utilise in the new field. As they exported, developing customers in the local area was not an issue. When the decision was made to end the business, the man's teaching qualifications and networks in the field of education proved invaluable for him making a smooth transition to full time employment. Thus, though at best they had limited entrepreneurial value, these aspects of his personal and social capital were still very useful in other contexts.

5.4 Case Four

Drawing on the experiences of one of the four female entrepreneurs, the final case involves a woman who had spent many years in office and secretarial work, but had wanted for some time to have her own small business. Frustration with employers and wanting to be at home more for her adolescent children, finally prompted her to start a small business offering secretarial services. Clearly she drew on her general and specific training, skills and experience to establish this venture. As time went on she invested in some computer training to enhance these skills. Lacking any prior experience of self-employment and, unlike the other entrepreneurs, with very little personal confidence that she could succeed, she used an interesting approach to cope with the apprehension she felt over this move.

I talked myself into it as a hobby, no it's not going to be a business, it's just a hobby while I'm home.

To set herself up she borrowed what seemed like a lot of money to her at the time.

I bought myself a small typewriter and photocopier. Went to the bank. Had to borrow \$7,000. Doesn't that sound awful. I thought it was such a lot of money.

She also took a number of measures to minimise the financial outlay. Some were practical and included working from home. The goodwill of her family allowed her to turn a recreation room into her rather spartan office.

I worked on my sewing table ... nothing convenient ... an old typewriter chair.

Though cost effective and convenient, working from home had come to generate a sense of isolation at times, though any plans to move into a commercial area would have required an injection of economic capital.

Social capital within her family provided other resources as well. Her son and daughter helped out at busy times and in various ways. Her husband was extremely supportive and she knew she could rely on his income. Since she had started the business specifically with the intention of being better able to combine some form of paid work with caring for the children, her husband did not have to provide additional input in this area. Later, once the children had left home, some changes did occur. With the business now full time he had gradually taken over cooking the evening meal and doing the grocery shopping in order to free her for more work.

It just evolved I think because I'm so busy here. I just say I haven't got time you will have to do it. And now he has become a very good cook. The first few months were a bit grim and it is not even questioned now.

Although experienced in secretarial work, this woman had no networks that would provide clients for her new business. Thus, she initially took some very pragmatic steps to get work, advertising in the yellow pages and local newspapers. By the time of the interviews many years later she had a firmly established clientele, many of whom would just "drop by". However, servicing this group of regular customers had created expectations that she would always be available. Like all the other entrepreneurs she often had to work long hours to complete work on time. She was

also increasingly concerned that a work related condition would affect her ability to type and thus continue in the business.

I think my hands have just about had it. With OOS⁸. They're not too bad but I don't want them to get too bad. ... there are times when I can't stand being in pain and I just want to get out. So whether I can cope with another ten years doing this, I don't know.

5.5 Summary – Case Studies

It is possible to summarise each case in terms of the model of entrepreneurial capital.

5.5.1 Case One.

Economic capital was drawn on in a number of ways, through savings and budgeting, a loan, and the income of the wife. The last emerged as a result of the social capital within the family. This also provided other valuable services for the business through the wife performing an array of roles on a formal and informal basis. She was able to do many of these as a result of her own general and specific human capital. Social capital outside of the business was the result of professional and community networks and was used to maintain a customer base and to identify suitable employees. It could offer no benefits in terms of supplies. The trade qualification and related experience the husband held was the pivotal aspect of industry-specific human capital necessary for starting the business, but his personal capital also included various personal attributes.

5.5.2 Case Two

Social capital in both forms was very important in this case. Outside the family, the man employed a range of networks from his background in the rural sector as well as those that grew out of his many community associations to further develop all aspects of the business. He was also heavily involved in the establishment of a range of new networks to this end. Within the family, social capital provided important resources with his wife, informally and then formally, helping out in the enterprise and carrying out a range of administrative roles. Her income from a part time job had also been vital at an earlier point. Together with savings, budgeting and some loans, this had provided economic capital for the business. The extensive experience this man had gained in the meat industry sector helped provide a range of general and industry-specific human capital, which in turn, along with his previous experience of self-employment and a range of individual attributes, generated a large amount of personal capital. Some cultural capital was also employed based on a lengthy residence in and knowledge of the region.

5.5.3 Case Three

While providing some general skills and experience, little of this man's industry-specific human capital had entrepreneurial value. Rather, he had to acquire the skills and knowledge necessary to run the business. His personal capital was enhanced by some important individual attributes. As the only one of the three businesses to close, this case provided a chance to see capital used in this phase of a business. Here specific human and social capital in relation to his background in teaching eased the

⁸ Occupational Overuse Syndrome. This was previously known as RSI – Repetitive Strain Injury.

transition back to employment. The social capital employed in this business was more narrowly focused than the other cases. It was largely based on that within the family and drew heavily on the human capital of the wife. This case illustrated a negative outcome of relying so much on social capital between spouses. In comparison with the others, the horticultural business was very dependent on a high level of economic capital, and the resources that arose from social capital within the family were often orientated to compensating for this. Only some assistance with finance emerged from social capital outside of the couple.

5.5.4 Case Four

This woman's approach to her business showed some similarities with the other female entrepreneurs, but was in contrast with the men's cases. She developed the business to fit with her other responsibilities whereas the male entrepreneurs left the bulk of domestic responsibilities to their wives or partners. Consequently, unlike the businesses run by men, hers was deliberately organised on a part time basis initially. Unusually, her husband did increase his domestic responsibilities over time, and other benefits from social capital within the family were utilised by her. These were initially exploited to help reduce the financial demands of establishing the business. In terms of social capital outside of the family, the negative aspects of coming to rely too heavily on a settled network of customers was hinted at in this case. As was so often the way, this woman drew on her general and specific human capital as the basis for her business. She would add to the latter as time went on. Like others she demonstrated a willingness to work hard but, intriguingly, she had to compensate in unusual ways for her lack of confidence. Also of interest was the concern she expressed regarding her health which illustrates that the loss of, or failure to secure, particular human capital resources can be as influential as having or obtaining others.

6 Conclusion

While employing notions of capital in the study of entrepreneurship is hardly novel, the approach adopted in this paper considerably extends previous work. Though the interviews from the LMD Research Programme were not conducted with the specific aim of analysing the use of capital in its various forms for entrepreneurial purposes, it can be seen from the preceding discussion that they provided sufficient information and detail to illustrate the operation and utility of the model of entrepreneurship proposed in this paper. In summary, this model has three key features that distinguish it from other work. The first relates to how the four forms of capital are defined and incorporated into it, and the other two features are the pivotal concepts of entrepreneurial value and entrepreneurial capital.

In respect of the individual forms of capital, rather than the isolated and fragmented ways that the forms of capital are usually employed in entrepreneurial research, the model outlined in this paper incorporates the four forms into each analysis and advocates a broad conceptualisation of each to allow for a wide range of resources to be seen as part of the entrepreneurial process. Other aspects that are noteworthy include the development of social capital within the family as a useful extension to this concept, and the enriched analysis likely from using a much broader concept of

human capital. Of particular interest is the potential that cultural capital offers to the study of entrepreneurship, an area that requires further empirical investigation and theoretical development.

The resources captured and highlighted using the various forms of capital comprise a person's total capital. Rather than presenting this total capital as the sum of the four forms of capital considered in the paper, it is conceived of as spread across three domains – economic, social and personal. However, not all aspects of a person's total capital will have any entrepreneurial value, the mediating feature of the model that determines the composition of an individual's entrepreneurial capital. The dynamic quality of the model allows not only for the balance and mix of entrepreneurial capital to be different between people and businesses but, importantly, to vary within cases across time or as the result of circumstances. Though the idea that capital in some form can be entrepreneurial is not new, it has usually been restricted to describing human capital. In this model it is used to describe capital more generally. Entrepreneurship becomes, as it were, the exercise of that capital.

Given the importance that entrepreneurial activity has for any economy – and this is pronounced in the New Zealand context – a range of approaches to its conceptualisation and investigation is needed. In respect of the former, the model developed in this paper serves to conceptualise entrepreneurship in general terms, as well as providing a means of describing particular instances of the entrepreneurial process. Empirically, the model could be employed in a number of ways. Research specifically designed around this model, in comparison with the data used in this paper, would of course produce far greater detail concerning the forms of capital, and the component aspects of each form, that were utilised in such instances. It is also possible to move beyond description and to compare and contrast cases, as was briefly demonstrated using the case studies. This could be in terms of entrepreneurs, the enterprises they are engaged in, and the processes that unite the two. Thus, an entrepreneur's possession, acquisition and exercise of capital could be examined in relation to particular factors (e.g. locality, age, gender, and ethnicity), the type of enterprise (e.g. products and services, type, and size) and the process by which that enterprise is founded and managed. While not only enhancing our knowledge of the entrepreneurial process, the data gathered in these ways is also likely to be of value in the development of policy and programmes to assist entrepreneurs and small business creation.

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