DOES CULTURAL CAPITAL MATTER? EXPLORING SOURCES OF FUNDING IN NEW VENTURE CREATION (SUMMARY)

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SUMMARY

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Principal Topic

Human (HC) and social capital (SC) provide a number of compelling focal points on new business creation (e.g., Reynolds, 1997, Liao & Welsch, 2003; Davidsson & Honig, 2003; Liao & Welsch, 2005; Diochon, et al., 2008). Less attention, however, has been paid to the impact that cultural capital (CC) plays in the nascent entrepreneurial process (Foley, 2008), particularly with respect to the acquisition of funding (e.g., Lounsbury & Glynn, 2001). CC refers to dominant forms of societal knowledge, skills, and level of education that impact social mobility when viewed aggregately; endows individuals differentially with status and power to act; and can be viewed as embodied, objectified, and institutionalized ((Bourdieu (1983, 1986). We extend this line of inquiry via two research questions: 1) how is CC defined within the context of nascent entrepreneurial activity? 2) how does the presence of HC, SC, and CC influence start-up funding acquisition efforts?

Method

The Panel Study of Entrepreneurial Dynamics II (PSED II), a national representative sample of nascent U.S. entrepreneurs, is utilized to explore the role of HC, SC, and CC on nascent funding sources. A total of 628 individuals were identified as the sole proprietors in the process of starting new businesses in 2005. Negative binomial regression is used to assess the data.

Results and Implications

Preliminary findings suggest that HC and CC positively impact the sum of personal funds and asset backed funds acquired by sole nascent entrepreneurs. Conversely, HC negatively impacts the amount of funds loaned by friends and family, while CC and SC positively impact these amounts. HC and SC positively impact the amount of personal loans, credit card, and other sources of funds acquired, while CC appears to have a negative impact on these funding sources. This research has implications for 1) defining the construct of CC in concert with HC and SC in a nascent entrepreneurial context; 2) differentiating CC from HC and SC used in the entrepreneurship literature; and 3) overall, linking HC, SC and CC to an activity associated with funding sources for nascent entrepreneurial ventures.

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