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WHERE STRATEGY MEETS CULTURE: THE NEGLECTED ROLE OF CULTURAL AND SYMBOLIC  
**RESOURCES IN STRATEGY RESEARCH**

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**ABSTRACT**

In this paper, we discuss how “cultural capital” and “symbolic capital,” understood as specialized subsets of intangible resources and capabilities, enable firms to achieve valuable strategic positions in ways that are currently underexplored by mainstream strategy literature. We articulate the similarities and differences between cultural and symbolic capitals and the intangible capitals that have been the focus of mainstream strategy researchers, such as intellectual, social, and reputational capital. Our theoretical arguments build on insights from a number of studies conducted primarily in non-North American settings that have highlighted how symbolic properties of products create value. We conclude by delineating future avenues of research that strategy scholarship should consider in order to develop a more comprehensive understanding of the relationships between intangible resources and capabilities, and value creation.

**INTRODUCTION**

In strategic management research, the resource-based view has emerged as one of the dominant perspectives to explain persistency in inter-firm performance differences (Barney & Arikan 2001). Central to this perspective is the understanding that *resources* – defined as “the tangible and intangible assets firms use to conceive and implement [...] strategies (Barney & Arikan 2001: 138)” and *capabilities* – defined as the ability of the firms to develop and leverage

on resources (Teece *et al* 1997) affect the costs and the revenue-generating potential of firms' productive activities (Grant 1996b). This theoretical perspective has spurred considerable research on the tangible and intangible assets of firms (see Newbert 2007: for an assessment). In particular, intangible resources, such as knowledge (Grant 1996b; Nickerson & Zenger 2004), identity and culture (Barney 1986; Fiol 1991), reputation (Barney 1991; Fombrun & Shanley 1990; Rindova *et al* 2005), and celebrity (Rindova *et al* 2006) that are characterized by high degrees of social complexity and causal ambiguity have been suggested as central to the creation of sustainable competitive advantage.

While developing a systematic and insightful theory about the basis of competitive advantage, the resource-based view has been criticized for its limited attention to the specific mechanisms through which different types of resources are deployed to create value, as well as to the processes through which value is realized in the marketplace (Moran & Ghoshal 1999). In this paper, we seek to extend the resource-based view research by highlighting two specific blind-spots and suggesting the need for greater research attention to the use of cultural and symbolic resources in order to overcome these blind-spots. Specifically, we join previous critiques of strategy research for its supply-side focus and note that: a) extant research has focused on producer activities and on the cost-side of the value-creation equation (see Priem 2007) to the neglect of the role of consumer perceptions and practices; and that b) extant research has focused on the importance of technology in value-creation to the neglect of cultural and symbolic resources (Ravasi & Rindova 2008; Rindova & Petkova 2007).

With regard to the supply-side focus of strategy research, Priem (2007) recently observed that strategy researchers have traced competitive advantage in firm's positioning within industry structure (Porter 1980, 1985), the characteristics of resources that firms possess (Barney 1991), and their knowledge (Kogut & Zander 1992) and dynamic capabilities (Eisenhardt & Martin 2000), and has neglected the role of consumers' perceptions and valuations in determining the extent to which a given firm and its products are creating value in the market place. The supply-side focus of extant strategy research is also evident in the treatment of the value of resources – a critical attribute associated with their effect on sustainability of competitive advantage – as determined by *exogenous* environmental factors (Barney 1991). We argue, that, as a result of this blind-spot, current strategy research has limited understanding of how consumers relate to and value products, and of how their perceptions of value affect firm-level value-creation. It is fairly obvious that because consumer evaluations ultimately determine the 'exchange value' of the products and services of a firm, the value-creating potential of its products depends on how much consumers are willing to pay for them. Yet, strategy research has seldom concerned itself with the bases of consumer evaluation of products. In our view, a comprehensive theory of value-creation should incorporate the consumer perspective regarding a firm's offerings.

The development of such a perspective in strategy research has been deterred by over-reliance on an economics perspective that characterizes markets as consisting of atomistic individuals that make decisions on the basis of their idiosyncratic utility functions (Frenzen *et al* 1994). Research in the sociology and anthropology of consumption, however, has amassed considerable evidence that consumption is socially and culturally embedded (see Arnould & Thompson 2005: for a recent review). Inclusion of individuals in social networks (Kozinets *et al* 2010), participation in consumption communities (Kozinets 2001; Muniz & O'Guinn 2001; Schouten & McAlexander 1995), and general reliance on institutional and cultural resources for sensemaking an action-taking (Hargadon & Douglas 2001) all affect how consumers make choices and point to the limitations of the atomistic model. They further suggest the need for

theories that account for the effect of societal culture on consumers' choices and evaluations of new products.[1]

A second limitation of extant strategy research is that it has followed a more or less implicit assumption that consumers value products for their technical quality and performance (Pitelis 2009) and that willingness-to-pay increases almost exclusively as a result of improvements in the technical features of products. Accordingly, the attention of scholars has focused on the intangible resources and capabilities that underlie technological product innovation (Helfat & Raubitschek 2000). While this research has contributed much to our understanding about how firms compete along technological trajectories (Dosi & Grazzi 2010) by developing complex technological resources (Rosenbloom & Christensen 1994), it provides an incomplete account of value-creation processes.

In this chapter we seek to provide a new direction in strategy research on value-creation by drawing attention to the role of firm's cultural and symbolic resources. We focus on these types of resources because research in consumer behavior shows that the symbolic attributes of products are increasingly driving consumption choices in industries ranging from clothing, furniture, and cars (Bourdieu 1984; McCracken 1988), to personal computers (Belk & Tumbat 2005; Muniz & O'Guinn 2001), home appliances and mobile phones (Pantzar 2003). Converging evidence from multiple branches of the social science suggests that the 'exchange value' of products is increasingly determined by the extent to which they can be used to signify, that is to communicate meanings regarding individual and social identities (Arnould & Thompson 2005). Further, work in sociology (Bourdieu 1984; Goffman 1959) and anthropology (Douglas & Isherwood 1979/1996; McCracken 1988) suggests that the meanings that products signify depend on their cultural significance, that is on their socio-cultural inter-subjective meanings (see Weick 1995: for a discussion of these different types of meanings). Please note that "socio-cultural meanings" here do not refer to the organizational-level inter-subjective meanings commonly studied in management research on organizational culture (Barney 1986; Schein 1985), but to the societal-level inter-subjective meanings that arise from institutionalized schemas and concepts (DiMaggio 1997; Hargadon & Douglas 2001).[2]

Importantly, the relevance of societal-level socio-cultural meanings has been investigated by various branches of the social sciences; yet, it has remained outside the scope of issues investigated by strategy researchers. Instead, strategy researchers have assumed consumers' preferences are "stable, focused on use values, individually formed, and exogenous (DiMaggio 1997: 43)," and are therefore under limited control by the firm (Ravasi & Rindova 2008). In contrast to this approach, we assume that consumer preferences reflect inter-subjective socio-cultural meanings and that developing specialized resources and capabilities for using and leveraging such meanings affects the value-creating potential of a firm's products. We theorize two such sets of resources and capabilities, which we term "cultural" and "symbolic" capital. We do so in order to offer a more culturally-embedded perspective on value-creation and to expand extant understanding regarding the resources and capabilities that affect value-creation and competitive advantage.

Our ideas build on current strategy research on intangible assets, such as *intellectual* and *social capital* (Nahapiet & Ghoshal 1998), and reputational capital (Fombrun 1996). Intellectual capital refers to the knowledge and knowing capability of firm (Nahapiet & Ghoshal 1998), social capital to the relationships that facilitate the circulation of knowledge, as well as access to other resources (Adler & Kwon 2002), and reputational capital to a broad group of intangible resources based on favorable stakeholder perceptions, such as reputation (Fombrun &

Shanley 1990), celebrity (Rindova *et al* 2006), legitimacy (Suchman 1995), and status (Podolny 1994). This body of work is relevant to our ideas because it has analyzed how social interactions and perceptions accumulate and stabilize over time to become resources that influence both value creation and value realization (Moran & Ghoshal 1999). As a result, it has expanded extant understandings regarding the mechanisms through which firms create value, and gain and sustain advantageous competitive positions.

Two additional bodies of work informed our ideas. First, we were informed by a specialized body of strategic research that studies the so-called “cultural” or “creative” industries (Glynn 2000; Hirsch 1972; Lampel *et al* 2000). These industries produce creative products that are, by definition, “media for affect[ing] meanings (Scott 2006: 18),” such as arts, books, music, movies, and TV programs. These products are seen as “directed at a public of consumers from whom they generally serve as an aesthetic or expressive rather than clearly utilitarian function (Hirsch 1972: 641-642).”[3] This research provides some insights regarding the nature of cultural and symbolic capitals, but has not studied if and how such resources apply outside the domain of cultural industries and in the context of conventional industries producing product “tools” (Ravasi & Rindova 2008).

Second, a number of recent studies carried out primarily – although not exclusively – in non-North American settings provides some preliminary evidence that cultural and symbolic resources and capabilities influence competition in a variety of industries conventionally considered to be outside the realm of cultural production, such as of furniture, lighting, fashion, cuisine, mobile phones and PCs (e.g. Baum & Lant 2003; Cappetta & Gioia 2006; Cillo & Verona 2008; Djelic & Ainamo 2005; Durand *et al* 2007; Ravasi & Rindova 2008; Rindova & Petkova 2007; Verganti 2008). While it could be argued that cultural and symbolic resources may be relevant to competition and value creation in these specific non-North American settings of these studies, we believe that the observations from these studies have important implications for strategic management research in general. Indeed, some might argue that European-based firms develop and engage the type of resources that we term “cultural” and “symbolic” and make products that are valued for their meanings in addition to their function more frequently. However, a vast body of research in marketing, anthropology, and sociology of consumption shows that a more general tendency affecting affluent markets exists for consumers to value products for their cultural and symbolic values (see Rindova 2007; Ravasi & Rindova 2008: for a relevant discussion). However, the practices that enable producers to create such value may remain relatively rare and may be more readily observed in some non-North American contexts that are characterized by a long-standing cultural tradition of valuing symbolic and aesthetics product attributes (Crane & Bovone 2006). Regardless of the reasons that may be generating differential level of attention among strategy scholars to the cultural and symbolic aspects of competition, the studies attending to these issues in non-North American settings provided valuable initial glimpses into the use of cultural and symbolic resources by firms competing in conventional industries to pursue new forms of value and advantage. In this paper, we set out to generalize these insights by developing some theoretical ideas about the development and deployment of “cultural” and “symbolic” capital. We define the *cultural capital* as the subset of cultural resources (from those broadly available in a societal cultural), and capabilities to manipulate them, that are internalized by the firm and are deployed in its value-creation strategies. We define the *symbolic capital* as the stakeholder perceptions that the socio-cultural meanings embodied and represented in a firm’s products and activities are socially distinctive and, therefore, identity- and status-enhancing (Ravasi & Rindova 2008).

By linking and integrating ideas from these different areas of research, we seek to expand “the basket” of intangible resources and capabilities studied by strategy researchers and to connect extant research on cognitions and perceptions as resources to socio-cultural research on concepts and symbols as resources. We believe that such an approach enriches the resource-based view in strategy and opens up the field for incorporating a rich body of work on the relationships between meanings and value.

Taking this broader view of intangibles is important for advancing the field of strategy both from a theoretical and pragmatic standpoint. Theoretically, it will enable strategy researchers to account not only for the effects of perception, cognition, knowledge, and obligations, but also for the effects of culturally-situated meaning making processes. Although meaning making depends on perception, cognition, and knowledge, it is distinct in that it involves issue of self, identity, and the relationship between “self” and society. As a result, the study of cultural and symbolic resources will enable strategy researchers to contribute to the broader dialogue taking place in the social sciences about the relationship between meaning and value. It will also provide strategy researchers with the opportunity to study the inter-relationship and potential integration between these new sets of resources and those that have already attracted the attention of strategy researchers -- e.g. intellectual, social and reputational capital (see Mintzberg *et al* 1998: for a discussion of resource integration and value creation). Pragmatically, a broader view of intangible assets and of their interrelationship will enable strategy scholars to study previously unexplored processes of value-creation, thereby expanding our understanding of competition and competitive advantage.

### **EXPANDING THE BASKET OF INTANGIBLES**

Intangible resources internalized by firms, and capabilities to leverage on them, are often discussed as “forms of capital” (e.g. Nahapiet & Ghoshal 1998: for social and intellectual capital).

The label “capital” is used not only as an economic metaphor to evoke the idea that the accumulation of a given type of resource can yield returns, but also to emphasize the interrelatedness and convertibility of different forms of capital (see Adler & Kwon 2002: 21-22 for a detailed discussion of the properties of intangible forms of capital) into value that can be appropriated by their owner. The concept of capital applied to various types of intangible resources emphasizes specifically: a) the need for investment in the accumulation and maintenance of those resources and capabilities over time; b) the fact that resources and capabilities exist and are integrated into bundles; and c) that these bundles are important for firm’s value-creating strategies.[4]

Strategy research to date has emphasized three main types of intangible capital: intellectual (Nahapiet & Ghoshal 1998), social (Adler & Kwon 2002), and reputational capital (Fombrun 1996). In this section, we first develop the concept of cultural capital and we identify its important similarities to and differences from intellectual capital, as well its relationships to both intellectual and social capital. In order to do so, we synthesize extant understanding of intellectual and social capitals along two dimensions (components and accumulation process), and then discuss the concept of cultural capital along the same dimensions. Next, we develop and discuss the concept of symbolic capital and its relationships with both reputational and cultural capital.

Our approach focuses on highlighting the similarities and differences, as well as inter-relationships of cultural and symbolic capital to the intangible assets already studied by strategy researchers. We do so to encourage strategy researchers to both leverage existing understandings

about intangible assets, as well as to develop new ones. By emphasizing similarities we seek to point to possibilities for applying current understanding and insights to the new forms of capital we propose. In contrast, by highlighting the differences we seek to draw attention to the need for extant understandings to be extended and new insights to be gained into the nature and use of this specialized class of capitals. Table 1 summarizes our ideas about the similarities and differences among intellectual, social, reputational, cultural, and symbolic capitals.

INSERT TABLE 1 ABOUT HERE

### **Intellectual, Social, and Cultural Capital**

In this section, we argue that cultural capital is a specialized subset of intellectual capital because it is composed by firm's knowledge and knowing capability, but of a specific type. Therefore its accumulation process and effects on performance are distinct and require specific research and management approaches. In order to highlight effectively similarities and differences, we begin by summarizing briefly extant understanding about intellectual and social capital. We then develop our insights about cultural capital in terms of components and accumulation process, and for each dimension we highlight how cultural capital differs from the other forms of capital.

#### **Intellectual Capital**

**Definition.** Intellectual capital is defined as “*the knowledge and knowing capability of a collective entity such as an organization* (Nahapiet & Ghoshal 1998: 245).” Therefore, it is composed by knowledge that firms exploit, build, and manage to implement their strategies. Knowledge is considered a critical resource for competitive advantage (Grant 1996a; Kogut & Zander 1992) and a large body of research has been conducted on both knowledge management and the accumulation of specific types of technological knowledge and capabilities (Almeida 1996; Brusoni & Prencipe 2006; Dushnitsky & Shaver 2009; Hargadon & Sutton 1997; Mowery *et al* 1996). Intellectual capital derives from both individual (knowledge as a resource) and organizational characteristics (knowledge as a capability) (Grant 1996a; Nonaka *et al* 2006) and as being tacit and explicit at both levels (Hargadon & Fanelli 2002; Nonaka 1994).

**Accumulation process.** Multiple studies have explored a variety of issues related to the accumulation (and management) of this type of capital. For example, attention has been devoted to how to absorb knowledge from the external environment (Cohen & Levinthal 1990), transfer it within (Ghoshal *et al* 1994; Szulanski 1996) and across (Brown & Duguid 1991; Szulanski & Jensen 2006) firms boundaries and protect it from other firms (Agarwal *et al* 2009; Dushnitsky & Shaver 2009); to what constitutes efficient governance mechanisms for preventing knowledge to spill-over via employees mobility (Klepper & Sleeper 2005; Wang *et al* 2009); and to how to organize for exploiting knowledge transfer (e.g. Madsen *et al* 2003).

#### **Social Capital**

**Definition.** The origin of the concept is generally ascribed to the sociologists Coleman (1988) and Bourdieu (1986). Social capital can be defined as the “set of resources rooted in relationships (Nahapiet & Ghoshal 1998: 243)” to facilitate firm's action. Much confusion surrounds the identification of components of social capital (see Adler & Kwon 2002 and Glanville & Bienenstock 2009 for a review). According to Glanville and Bienenstock (2009), social capital has three components: social networks (number of ties and density), resources (type and quantity) and reciprocity (felt obligations). First, different network structures allow firms to

access different types of resources. For example, dense networks are beneficial for preserving resources whereas sparse networks are more beneficial for searching and leveraging resources not possessed by a given actor (Lin 2001). Second, reciprocity is a component of social capital (rather than an antecedents or outcome). In order to exploit/leverage connections to get resources out of them, connections must be of a particular type, i.e. they must be connections of perceived obligations (Bourdieu 1986). Third, the type and amount of resources possessed by other firms in the network and accessible through such a network determine the level of social capital within the network.

***Accumulation process.*** The process of accumulation of social capital is described as a conscious and unconscious long-term investment strategy designed to establish or maintain relationships of perceived obligation that can be accessed to some future occasion (Bourdieu 1986). Indeed, firms tend to accumulate different types of connections that can be leveraged at different times depending on need (Glanville & Bienenstock 2009). Social capital enhances access to tangible and intangible resources. For example, it facilitates the development of intellectual capital (see Adler & Kwon 2002: for a review) and of cultural capital, as we discuss next.

### **Cultural Capital**

***Definition and examples.*** We use the concept of “cultural capital” at the organizational level to refer to the set of cultural resources, and capabilities to manipulate them, that are internalized by the firm and are deployed in its value-creation strategies. Specifically, Rindova (2007) argues that these value-creating strategies based on cultural capital involve generating original products without relying on technological change, creating rich nuances and connections among product categories, and connecting the firm’s creation processes to those of customers.

The concept of cultural capital we discuss here should not be confused with the well-established notion of “organizational culture” as a VRIN resource to be used to build and sustain competitive advantage (see Mintzberg *et al* 1998). Whereas organizational culture refers to the beliefs, values, assumptions, and symbols that are developed inside a firm, cultural capital refers to the internalization of cultural resources that circulate in the societal culture at large.

The concept of cultural capital we advance here parallels the concept of cultural capital at the individual level of analysis (Bourdieu 1984; Holt 2000; Rindova 2007). Individuals’ cultural capital refers to the distinctive resources and capabilities related to cultural traditions and trends that individuals accumulate, and that guide their consumption choices and practices. We extend this idea to the organizational level to argue that organizations may too develop and accumulate such distinctive capabilities and resources to guide their product development value-creating strategies. Recent studies suggest that some firms indeed accumulate different types of cultural resources and use them for strategic purposes. For example, Rindova, Dalpiaz, and Ravasi (forthcoming-a) document how Alessi –an Italian manufacturer of kitchen- and houseware– internalized different types of cultural resources and used them to continuously change the meanings of its products. As a result, it was able to discover new customer, new uses, new strategic positions, and generally to develop unconventional strategies that defied industry conventions and appealed to an increasingly diverse set of customer groups.

Alessi’s experience exemplifies the more general concept of cultural capital, defined as knowledge and knowing capability of artistic and cultural movements, as well as of socio-cultural trends, that enable firms to make distinctive choices about the products or services they offer. The nature of this knowledge as “capital,” that is as accumulated combinations of resources and capabilities, enables the firm to make choices that are not only distinctive, but appealing to

various consumer audiences. For example, Rindova et al (forthcoming-a) show that as Alessi accumulated diverse cultural resources and developed capabilities to integrate them, its products appealed to more, and to more premium markets. Over time Alessi discovered a) a consumer segment willing to forgo functionality in favor of enhanced aesthetic properties and contemporary style, and to pay a substantial premium for that type of new products; b) a segment composed of arts and design collectors who valued Alessi's artistic creations; and c) a relatively broad, young audience in the middle home segment that desired colorful new products made of plastic and associated with emotions, irony, and play. Verganti and colleagues (Dell'Era *et al* 2008; Verganti 2006) observe similar processes in several European manufacturers of furniture and lighting who repeatedly introduce product innovations based on the formal properties of their products altered to reflect ideas from different intellectual movements in the fields of arts and architecture. These new product forms stimulated new demand and/or greater willingness to pay for these novel artifacts.

A firm's cultural capital may incorporate knowledge and knowing capability of contemporary social trends and tastes that may too enable the creation of distinctive product offerings. Djelic and Ainamo (2005) show that the commercial performance of mobile phones can be enhanced when producers develop knowledge of social trends and cultural meanings, which then inform their design choices. They found that the Finnish producer of mobile phones Nokia designs and develops new products that purposefully combine technological innovation with product forms that resonate with current socio-cultural trends. Similarly, Lampel (2001: 304) suggests that knowledge and use of "spectacle" can speed up the adoption of new technologies as spectacle changes the "atmosphere surrounding the emergence of a new technology."

These studies therefore support the view that organizational artifacts and products are associated with a variety of meanings emanating from their formal and aesthetics properties (see Rindova & Petkova 2007: for a discussion); that meanings inhere in organizational artifacts beyond the subjective perceptions of the individuals using them (Fleming & Spicer 2005); and that firms can enhance their value-creating strategies and gain a competitive advantage by accumulating cultural capital.

**Accumulation process.** Like intellectual capital, where individual employees (engineers, scientists) are carriers of technical knowledge (e.g. Saxenian 1990; Song *et al* 2003) which is learnt during their education path and during their tenure in the firm (Bhide 1994), cultural capital can be accumulated through individuals who carry specific knowledge that is different from technological, customer, or market knowledge. For example, whereas technical knowledge and capabilities are accumulated through the hiring of engineers and scientists (Leonard-Barton 1992), the accumulation of cultural capital requires hiring of artists, architects and designers (Buchanan 1995). These specialists in the fields of art and architecture can help the firm understand the logics, dynamics, and trends of "art-worlds," as well as their influences on the broader societal culture.

Firms may also have "initial endowments" of cultural capital in the form of senior managers with personal interests or affinities toward arts and humanities. For example, some evidence exists that European furniture firms creating products that are distinctive based on their meanings, tend to have design managers or CEOs with degrees in humanities (Dalpiaz 2010), life-long relationships with architects and designers (Dell'Era *et al* 2008), or are design experts themselves (Ravasi & Lojacono 2005). For example, Stefano Marzano, CEO and chief creative director of Philips Design is a professor at the Domus Academy in Italy, and a lecturer at Milan Politecnico. Under his guidance, Philips has changed the design of its products to communicate

emotional meanings and has led Philips' products to be collected by modern art museums (Ravasi & Rindova 2008).

Like intellectual capital, the accumulation of cultural capital also depends on the development of social capital (Nahapiet & Ghoshal 1998). For example, anecdotal evidence exists that a firm's cultural capital develops through external collaborations with artists, architects and cultural intermediaries, such as design schools and museums. Such actors become to be part of the firm's network and serve as conduit of knowledge of changing trends and artistic movements (Dell'Era & Verganti 2009), and/or as "interpreters" of societal trends for industrial purpose (Dell'Era *et al* 2008). Further, they often bring their own networks of relationships with museums, galleries and other artists. Knowledge and familiarity with individuals who are deeply engaged in the domain of arts (e.g. sculptors, architects, cartoonists, and museums curators) can help firms absorb complex socio-cultural meanings. For example, Rindova *et al* (forthcoming-a) find that Alessi developed collaborations with hundreds of designers, architects, and artists with various types of artistic skills belonging to different artistic movements. It also organized seminars with experts in other disciplines (anthropologists, semioticians, etc.) and relied on psychoanalytical theories to understand the different types of meanings (e.g. related to specific social groups in a given historical time or emotions evoked by given shapes and textures and colors) that objects elicit. Similarly, Verganti (2006) notes that Artemide, a firm producing lighting systems, funded a world-renown group of architects – Memphis – in order to "learn" new design languages. More generally, firms such as Artemide, Alessi, Kartell operating in industries such as furniture, lighting, furnishing accessories, kitchenware, have been found to maintain extensive collaboration networks with artists and architects with the explicit goals of being connected to different artistic traditions and trends.

In addition to hiring and collaborating with carriers of cultural knowledge, firms employ specific structures and mechanisms to build knowing capability. Research on intellectual capital shows that the technical knowledge residing in individuals becomes knowledge of the firm through learning mechanisms such as experience accumulation and knowledge articulation and codification (Zollo & Winter 2002), through integration of knowledge (Grant 1996a) and its embeddedness into routines (Levitt & March 1988; March 1991; Nelson & Winter 1982). Our review suggests that firms can similarly develop cultural capital by a) creating new *ad hoc* structures to engage in beaux-art activities, b) overhauling the way in which they develop new products, and c) creating new boundary-spanning roles. First, anecdotal evidence suggests that the firms that have become known as the "Italian design factories" have proactively organized exhibitions featuring their products – on their own, and in collaboration with modern art museums around the world. Some even found their own corporate museums as specialized forms for exhibiting their historical productions and interacting with cultural institutions (Ravasi *et al* 2009). Alessi's museum, for example, receives 30 loans request a year from modern art museums around the world and organizes several exhibitions about specific product-related initiatives every year.

Second, evidence exists that firms also change their new product development processes in order to deploy both cultural *and* intellectual capital in new product design. Practices for prototyping and mass production are stretched to enable different artistic languages to be expressed in the product form design and produced through industrial means. Such adjustments have been documented in studies of Italian manufacturers of kitchenware (Rindova *et al* forthcoming-a; Salvato 2006, 2009) and lighting (Ravasi & Lojacono 2005; Zurlo *et al* 2002).

Third, firms can create specific boundary-spanning roles designed to facilitate the

development of knowledge of socio-cultural trends, as well as the identification of promising artists and architects for inclusion in the firm's collaboration networks. Cillo and Verona's (2008) study of design centers in fine fashion highlights that different strategies of stylistic innovation in the fashion industry involve several different types of search, as well as different mechanisms for integrating the designer (and/or the design unit) with those responsible for production and commercialization. At Alessi, a new role of "authenticity keeper" was created to buffer the interactions between engineers and external artists who were working together to develop the same product and who were carrier of specific and contrasting logics (Dalpiaz *et al* 2010). Overall, the evidence suggests that cultural capital is accumulated through means similar to those used for the accumulation of intellectual capital, but also requiring different emphasis and value orientations, as the latter are inherent components of capability development (see Leonard-Barton 1992). It also highlights the complexity of cultural capital accumulation, suggesting that it is likely to be a rare and difficult-to-imitate resource, which can provide firms with sustainable competitive advantage.

Several differences between cultural and intellectual capital make the challenges associated with cultural capital accumulation even more apparent. The knowledge and knowing capability that constitute cultural capital differs from those that constitute intellectual capital in terms of: a) *content* (e.g. knowledge of artistic and socio-cultural trends vs. technical knowledge), b) *characteristics* of the knowledge (indeterminate vs. determinate), and c) the *ways in which knowledge and knowing capability can be accumulated and deployed*. These three aspects are interrelated. While the difference in content may appear trivial, this is hardly so. The development of knowledge regarding artistic movements and socio-cultural trends relies on fundamentally different epistemologies and methods from those used in science and engineering, which underlie the development of technical or scientific knowledge (see Snow 1998: for a discussion of the differences between humanities and science). Further, whereas the subject matter of technological and scientific knowledge is determinate (Buchanan 1995), the subject matter of cultural knowledge is indeterminate, i.e. it admits alternative resolutions and interpretations, in contrast to the physical laws or technological necessities that underlie technological solutions. As Buchanan (1995: 25) explains, cultural knowledge is "open to questioning by the general public, as are all matters of public policy and personal action, where things may be other than they are." Therefore, in contrast to technical knowledge, cultural knowledge is indeterminate and more "perspectival" in nature; as it cannot rely on the laws of science to discover "a solution" to a problem. These differences affect the accumulation and deployment of cultural capital, and ultimately, its integration with technological knowledge.

While recognizing the differences, strategy researchers also need to recognize the complementarities between intellectual and cultural capital in contributing to value creating strategies of firms. First, the deployment of cultural capital in product innovation can help clarify and enhance the perception of value generated by novel technologies (Rindova & Petkova 2007). Second, the knowledge about technology and processes (composing intellectual capital) appears to underlie the capability of firms to create novel product forms that innovate in terms of product cultural meanings. For example, Verganti (2008) emphasizes that Italian manufacturers such as Kartell have enhanced their knowledge in technology and production processes in order to produce objects as designed by artists. Rindova et al (forthcoming-a) similarly observe that the accumulation of new cultural resources led Alessi to expand its technological knowledge and to pursue new technologies, previously outside the scope of the firm's operations, such as plastic, glass, wood, and ceramic. Therefore, researchers need to understand both how cultural capital

accumulates and how it can be integrated with the current stock of intellectual capital in a given firm.

### **Reputational and Symbolic Capitals**

In this section we suggest a further expansion of the basket of intangible assets studied by strategy researchers by highlighting the similarities and differences between the general class of intangible assets that we refer to as “reputational capital (Fombrun 1996)” and the set of resources and capabilities we term “symbolic capital.”

#### **Reputational Capital**

**Definition.** A considerable body of strategic and organizational research has developed showing that favorable stakeholder perceptions have substantive consequences on firm performance (Barnett *et al* 2006; Deephouse 2000; Fombrun 1996; Hall 1992; Jensen & Roy 2009; Podolny 2005; Rao 1994; Rindova *et al* 2005; Roberts & Dowling 2002). Scholars have advanced different concepts to describe these different types of favorable stakeholder perceptions (see Pfarrer *et al* forthcoming: for a discussion). For example, reputation refers to stakeholder perceptions about a firm’s ability to deliver value along a series of strategic dimensions (e.g. product quality, management effectiveness, financial profitability) (Fombrun & Shanley 1990); legitimacy reflects perceptions of desirability and appropriateness of firm’s actions and structures relative to industry and societal norms (Suchman 1995); status is based on perceptions of a firm’s standing in the hierarchy of quality and capability in a given industry or exchange network (Podolny 1994); and finally, celebrity is based on large-scale public attention and strong positive emotional responses (Rindova *et al* 2006). While many different terms are used to describe favorable stakeholder perceptions, in this paper, we use the term “reputational capital” as an umbrella term to stress that a firm can expect to generate profits from all of them, and only from reputation (cf. Fombrun *et al* 2000).[5]

**Accumulation process.** These different forms of resources also accumulate through different processes (see Pfarrer *et al* forthcoming; Rindova *et al* 2006: for detailed discussion). For example, reputation accumulates through strategic actions that signal and deliver different levels of quality and value (Fombrun & Shanley 1990; Rindova *et al* 2007; Rindova *et al* 2005); legitimacy derives from conformity of firm’s actions and structures to norms and beliefs in the industry, whereas celebrity, in contrast accumulates through non-conforming actions that attract media attention and embellishment (Rindova *et al* 2006). Further, the accumulation of several of these assets has been related to actions of institutional intermediaries who have been argued to generate status orderings (Rao 1994), endow actors with legitimacy (Pollock & Rindova 2003; Zuckerman 1999), define the content and composition of their reputation (e.g. Rindova *et al* 2007), and endow them with the popularity of celebrities (Rindova *et al* 2006). While the specific processes of accumulation may differ, all of these forms of capital derive from favorable stakeholder perceptions, often combined with endorsement by institutional intermediaries, such as the media. Thus, this research has contributed to strategy research an understanding of the value-creating effects of perception and cognition – at the individual, organizational, industry, and market levels of analysis (see Rindova *et al* forthcoming-b: for a review). We extend this work further by developing theoretical ideas about the types of perceptions that generate what we term “symbolic capital,” discussed next.

#### **Symbolic Capital**

**Definition and examples.** Symbolic capital refers to stakeholder perceptions that the socio-cultural meanings embodied and represented in a firm’s products and activities are socially

distinguishing and therefore, identity- and status-enhancing (Ravasi & Rindova 2008). The socio-cultural meanings associated with a firm's products depend on the signifying effects of the signs incorporated in firms' artifacts (Rafaeli & Vilnai-Yavetz 2004; Rindova & Petkova 2007). Specifically, firm products, logos, brand names, and advertising images have all been shown to contain signs that consumers use to enact aspirational identities and to position themselves in a given social space (Ravasi & Rindova 2008). Visible and tangible association between products and producers – through a recognizable logo or brand name – allows the 'transfer' of identity-relevant meanings from a producer to its products and, through practices of use and display, onto final consumers (McCracken 1986). The fact that the well known logos of Harley Davidson, Apple and Nike, among others, have also become popular tattoos is arguably a striking manifestation of the extent to which consumers rely on firm-based symbols to express a sense of identity. Our argument is that firms that develop such symbols enjoy a distinct type of capital – namely, symbolic capital.

Examples of the accumulation and deployment of such symbolic capital exist in a variety of industries. In fashion apparel, an original style and skilful use of communication establish fashion designers, in public perception, as interpreters of modern aesthetics (Cappetta *et al* 2006). Symbolic capital is then accumulated through the use of name, logo, and style in repeated shows. Accumulated symbolic capital is then used to imbue products with status- ('in' or 'out') and identity-relevant (sexy, sophisticated, understated, self-confident, etc.) meanings that justify the high price that consumer pay to satisfy their needs for social identification and distinction (Gronow 1997). In technology industries, ethnographic research shows how the popularity of Harley- Davidson motorcycles arises from a combination of technical and symbolic attributes; and that even when technical attributes underperformed, Harley-Davidson remained a symbol for a personal ethos built upon values of freedom, Americanism, ruggedness and manliness (Schouten & McAlexander 1995). Similarly, the survival of Apple Computers in the late 1980s and in the 1990s is attributed to a bedrock of loyal customers – the so-called "Mac users" -- who used Apple products as symbols of freedom, anarchy, and fun (Belk & Tumbat 2005) that distinguished them from the "herd-oriented" PC users (Muniz & O'Guinn 2001). It is not unlikely that the symbolic capital accumulated by Apple through the years played an important part in the success of the iPod—which was neither the first nor the technologically superior digital music player in the market (Time, 10th December 2003).” Symbolic capital, then, contributes to value-creation because it increases stakeholder willingness to pay, as they perceive value not only in the products' functions, but also in its capacity to express and communicate about their social status and identity (Ravasi & Rindova 2008).

The forgoing examples suggest a close relationship may exist between symbolic capital and corporate brands, when the latter are built around identity-relevant meanings and interpretations about a specific producer or product. Early brands and branding activities were essentially used to reassure consumers about product quality; they facilitated the accumulation and deployment of reputational capital by linking previously anonymous and undifferentiated products to specific producers, whose claims for quality could be systematically tracked and compared to competing products (Keller 2002). However, recent research emphasizes that brands encapsulate a complex set of socio-cultural meanings (Holt 2002; Schroeder & Salzer-Morling 2006), and that branded products provide consumers “vessels of self-expressions (Holt 2004: 3).” In other words, consumers find some of the meanings, attributes, values and ideas that compose a brand image valuable to construct their identities. Douglas Holt refers to these brands as “identity brands (2004: 3-4).” Therefore, it is important for strategy researchers to recognize that whereas

not all brands embody identity-relevant meanings, some brands are associated with symbolic capital, which is an intangible asset to the firm, similar to reputational capital.

**Accumulation process.** The process through which symbolic capital accumulates also appears to exhibit complex social interactions among firms, intermediaries, and stakeholders (Hirschman 1986; Ravasi & Rindova 2008) that have been associated with the accumulation of reputation and legitimacy (Fombrun 1996; Suchman 1995). Producers seek to influence the meanings that stakeholders associate with their products through product design and advertising (McCracken 1986; Wernick 1991). Design can inscribe products with formal elements, such as shape, color, and material, often referred to as “design language (Mono 1997).” These formal elements trigger both conscious and unconscious meanings that become associated with product artifacts (Rafaeli & Vilnai-Yavetz 2004; Rindova & Petkova 2007). Firms further surround their products with explicit communications, such as framing the product in advertising messages (e.g. Keller & Lehmann 2006) or its use by celebrities who tend to be seen as representing different lifestyles and characters (Cappetta & Gioia 2006), in an effort to transfer specific target meanings to their products and artifacts (e.g. Alvesson & Robertson 2006).

Through design and communication, however, firms can only attempt to imbue their products with meanings. While objects can evoke meanings through their formal properties (Rindova & Petkova 2007), the subjective states of perceivers, such as their idiosyncratic goals and own cultural resources (Hatch & Rubin 2006; Holt 1995) affect the process considerably, making meaning making a complex process. The accumulation of symbolic capital ultimately depends on stakeholder perceiving the firm, its products, and artifacts as identity-relevant and identity-enhancing. Recognized critics also influence the meanings associated with products by providing “expert” advice, which consumers use as “proxy” judgments of the symbolic value of hard-to-value artistic and symbolic attributes (Wijnberg 1995; Wijnberg & Gemser 2000). Because critics apply different criteria depending on their own social roles and aspirations (Capaldo 2007; Wijnberg & Gemser 2000), they shift and refract the meanings that come to be associated with the firm’s products. These observations point to the complexity of symbolic capital accumulation, suggesting that it is likely to be a rare and difficult-to-imitate resource, which can provide firms with sustainable competitive advantage.

Symbolic capital bears important similarities and differences with reputational capital. First, like reputational capital, it is composed of stakeholders’ perceptions regarding the value of the firm’s products. Whereas in the case of reputational capital these perceptions tend to focus on quality, conformity, and relative superiority, in the case of symbolic capital perceptions focus on symbolizing capacity and symbolic value. Symbolic capital therefore accrues to firms for the distinctive, “special,” identity-relevant and identity-enhancing characteristics of their products and activities. In other words, it accrues to firms when what they do becomes personally meaningful to individuals; and when it is also socially distinctive. This combination is obviously a tall order for firms, underscoring the likelihood that symbolic capital is not only valuable, but rare, and difficult to create or substitute.

Like reputational capital (Rindova et al 2006), the accumulation of symbolic capital is influenced by a firm’s social capital, that is by the intermediation of actors that have the power to bestow value on products in given markets (Rindova & Fombrun 1999) such as the media (Hirschman *et al* 1998), and the forums of formal and informal opinion-leaders (Weiman 1994). For example, reviews and comments of critics and fashion journalists determine the symbolic content of goods because they influence how consumers interpret the efforts of designers and advertisers (McCracken 1986). The accumulation and preservation of symbolic capital, then,

requires producers to carefully establish and manage social relationships with these intermediaries in order to build and maintain stakeholder perceptions about the meanings evoked by their names and products (Cappetta & Gioia 2006; Fombrun 1996).

Symbolic capital can accrue also from distinctive subcultures of consumptions (Kozinets 2001) and brand communities (Muniz & O'Guinn 2001; Schouten & McAlexander 1995) that develop around culturally meaningful and identity-enhancing products and brands. These communities come to develop specific understandings and a sense of 'ownership' and emotional engagement with the object of their consumption (brand, product features, logo, etc.), and may a) resist attempts to alter meanings associated to given signs, and b) become source of new symbols (Ravasi & Rindova 2008). Therefore, a direct involvement with these communities may be crucial to develop symbolic capital through understanding their ethos, internal social structures, and unique forms of expression, and to deploy it in ways that connect with current cultural meanings and interpretations.

Finally, differently from the perception composing some reputational capital, stakeholders' perceptions that constitute symbolic capital are concerned not only with the extent to which a given quality characterizes a given firm (e.g. its high or low reputation or status; its legitimacy or lack thereof), but also with the actual content of the quality. In other words, it does not simply reflect the positioning a firm in a reputational ranking ordering, or categorizing it as legitimate or not. It is related to the specific meaning content, and as such is based on how stakeholders interpret a firm and its products relative to their sense of self and identity. As a result, firms may vary not only in level, but also in the content of their symbolic capital. For example, within the same level of status in the hierarchy of fashion firms (e.g. fine fashion), the symbolic capital of one firm (e.g. Gucci) differs considerably from that of another one (e.g. Ferragamo), and the difference derives from the diverse sets of meanings ascribed to each firm (Cappetta & Gioia 2006). Thus, while one firm's products evoke meanings of classic, comfortable elegance, another firm's products evoke meanings of edgy wealth and power. Since such meanings appeal to different – potentially similarly well-off customers groups – symbolic capital may provide firms with a particularly unique resource that can serve as the basis for highly inimitable strategies.

### **The Effect of Cultural and Symbolic Capital on Firm's Performance**

*By deploying cultural and symbolic capital firms can produce objects that, like traditional cultural products, are appreciated for their meanings, and not only for their function. Firms that invest in their cultural capital (i.e. that invest in the accumulation of knowledge and knowing capability of cultural trends, etc.) develop a better understanding of the signs and symbols that have the potential to enhance consumers' identity and status. Therefore, the accumulation and deployment of cultural capital is instrumental to the subsequent accumulation of symbolic capital through the manufacturing of products that user chose to signal identity, distinction, taste and refinement. These two specialized resources open up an additional path for value creation to firms because they enable them to expand the benefits experienced by consumers in their products (Ravasi & Rindova 2008). In addition to increasing customers' perception of value, research shows that the development of these types of capital enables firms to formulate unconventional strategies (Rindova et al forthcoming-a) and foster firm strategic renewal (Ravasi & Lojacono 2005).*

### **WHERE DOES STRATEGY MEET CULTURE?**

In this paper we have argued that two specific blind-spots limit the breath of strategy

research: a) predominant focus on producer activities and on the cost-side of the value-creation equation (see Priem 2007) to the neglect of the role of consumer perceptions and practices; and b) predominant focus on the technical characteristics of product innovations to the neglect of their symbolic and aesthetic properties (see Rindova & Petkova 2007). Drawing on observations from studies conducted in several non-North American settings, and integrating them with extant work on intangibles assets and cultural industries, we suggest that strategy research can develop a more comprehensive account of the resources and capabilities employed in value creation process by considering the development and deployment of what we term cultural and symbolic capital. Such a consideration alleviates the blind-spots in strategic management research by a) accounting for how producers can create value by producing products that are bought for their meanings (in addition to their function); and b) showing simultaneously the need for understanding a different class of resources and capabilities, and the possibility for extending extant understanding on intangible assets to these capitals because they are both similar and dissimilar in important ways.

Our general point here is that the capitals we have proposed are both similar and dissimilar to the core intangible capitals, of which they are specialized sub-sets. Therefore, it is important for strategy research to investigate and understand the specific similarities and dissimilarities. Simply subsuming cultural capital under intellectual capital may limit our understanding of its distinctive contribution to the value creation process; and vice-versa, failing to recognize that cultural capital is based on a type of knowledge and knowledge capability, as is intellectual capital, may limit the understanding of the common management aspects of both, as well as their “combinability.” Our larger point is that only after these forms of capitals are recognized theoretically and explored empirically, their effects on the overall value creation process can be understood.

We relate our ideas about the nature and accumulation of cultural and symbolic capitals to current strategy research on intellectual, social, and reputational capitals; and we stress the importance of these forms for the value-creating strategies of firms. Future research is needed on the processes of their accumulation and deployment (especially in combination with other more conventional types of resources) to understand: a) the extent to which they may be rare, and difficult to imitate or substitute, as we suggested; and b) the extent to which they contribute to sustainable competitive advantage.

Our paper is inspired by the progress that strategy research has made by considering how cognition and perceptions affect the firms’ intangible assets, such as intellectual, social and reputational capitals. We hope that by bringing together insights from various studies that note the importance of cultural and symbolic aspects of competition, we can stimulate strategy researchers to examine the effects of cultural and symbolic resources on strategy and competitive advantage. While we provide some initial theoretical ideas about what these capitals are at the firm level of analysis, and how they accumulate, much conceptual and empirical work awaits.

A systematic investigation of the processes of development and deployment of these capitals has much to offer to strategy research seeking to understand the dynamics of resources accumulation and capability development in general, as well as the effects of asset interconnectedness on the specific bases, on which firms outperform competitors. For example, Rindova and colleagues (forthcoming-a) provide an intriguing account of the processes and mechanisms through which firms operating in conventional industries can develop cultural capitals from different domains in order to effect strategic change. Their study shows that the process is fraught with contradictions and uncertainty, but also highly rewarding in terms of the competitive advantages it bestows. Interconnectedness and creation of unique bundle of VRIN resources is key to competitive advantage (Mintzberg *et al* 1998). Research investigating the

conditions under which it is beneficial for firms to seek to develop and integrate such resources in their resource bases can add much value to our current understanding of competitive advantage and industry evolution.

Our discussion of the development processes associated with these capitals suggests the importance of future research that examines how their accumulation affects the ability of a firm not only to create, but also to capture value, as two issues appear salient. First, many of the studies that provided the basis for our theoretical ideas suggest the importance of actors external to the organization, such as renowned architects or design experts, as well as gatekeepers and critics for developing these forms of capital. In the context of more traditional types of capital this would suggest that these actors may stand to capture much of the value created in the process. Yet, the extent to which this dynamic holds in contexts where firms may be seen as co-creators and/or enablers of creative expression, needs to be examined. Second, as consumers adopt firm products as means of personal expression, they may provide firms with innovative ideas and deep understandings of social dynamics, thereby lowering the cost of product innovations and extensions.

### **Exploring Interconnections among Different Forms of Capitals**

Whereas the link among intellectual, social and reputational capitals has been already explored (e.g. Nahapiet & Ghoshal 1998; Rindova & Fombrun 1999), future research should investigate how cultural capital and symbolic capital relate to each other and how they relate to the other forms of capitals. We have provided some ideas, but systematic investigation is needed. Investigating questions regarding how cultural and symbolic capitals may combine with other resources and capabilities in the firm, as well as the question of how they can be converted into economic resources, is central to incorporating these topics into mainstream strategy research. Insights should be gained with regard to how these different types of capitals interact with each other, how firms can develop and manage them simultaneously, what are the practices and structures that firms adopt in order to deploy and blend them within organizational process.

For example, it has been argued that social capital is a substitute of economic resources when connections to relevant actors compensate for the lack of financial resources in order to attain a given goal (Adler & Kwon 2002). Similarly, it can be argued that symbolic capital may be a substitute for economic resources as its possession may reduce the need for costly investments in advertising. However, the opposite argument can be made too that the possession of symbolic capital requires sustained investments in advertising to maintain symbolic capital (while at the same time reducing the need for, and the costs of, developing products with cutting-edge cultural resonance).

Further, symbolic capital seems to relate to reputational capital both in a direct and indirect way. Indeed, the content of symbolic capital leveraged or communicated by firms determines the likelihood of accumulating reputational capital in the form of legitimacy (Zott & Huy 2007). It seems reasonable to believe that symbolic capital can be converted into reputational capital also through exploiting social capital. Indeed, studies in the fashion industry (e.g. Breward 2003) seem to suggest that connections to arbiters in one's network (fashion magazines and their editors) not only are needed to build or maintain stakeholders' perceptions about the meanings evoked by a fashion firm and its products (i.e. its symbolic capital), but also to build its reputation or define its status relatively to competitors (i.e. its reputational capital). Future research therefore should investigate thoroughly what are the processes through which firms can manage external perceptions to accumulate and communicate symbolic capital in addition to the intermediation of arbiters (Breward 2003) and critics (Wijnberg & Gemser 2000).

Cultural capital too may relate to other forms of intangible capitals in important ways. Some of the work that has alluded to this asset suggests that it may complement intellectual capital, as the knowledge about technology and processes (composing intellectual capital) appears to underlie the capability of firms to create novel product forms that innovate in terms of product cultural meanings (Verganti 2008). In addition to complement it, cultural capital can also push for the development of intellectual capitals (Rindova *et al* forthcoming-a). Future research therefore should investigate how the two forms of knowledge interact in both product development and production processes.

Cultural capital relates also to social capital. For example, connections to artists, museums, architects etc. are essentials for building and accumulating cultural capital and for engaging in cultural activities because they are the gatekeepers to the cultural world (Verganti 2006). Yet, cultural capital enables a firm to expand its social capital because it enables the firm to recognize new artistic movements and/or artists that can enhance the symbolic capacity of its products. Therefore, it is important for future research to explore thoroughly how firms can manage the interactions between these capitals in strategy development and implementation.

### **CONCLUSIONS**

In this paper we seek to suggest a new direction for strategy research by emphasizing the role of cultural and symbolic capital in value creation processes. We argued that two specific blind-spots limit the breath of strategy research on value-creation and competitive advantage. Drawing on observations from studies conducted mainly in non-North American settings, and integrating them with insights on intangibles assets and cultural industries, a more comprehensive account of the resources and capabilities employed in value creation process should include the development and deployment of what we term cultural and symbolic capital, and their interrelationships with other forms of intangible capitals that have already attracted scholarly attention in strategy.

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**TABLE 1**  
**Comparison of Intangible Capitals**

	Intellectual	Social	Reputational	Cultural
Definition	Knowledge and knowing capability of a firm.	Set of resources rooted in relationships to facilitate firm's action.	Favorable stakeholder perceptions about firm's ability to deliver quality, to spark audience excitement, to conform to societal norms and expectations, or to achieve standing in the hierarchy of quality and capability in a given exchange network.	Set of resources that manipulate interpersonal firm deployment of value strategies
Examples	Technical or process knowledge Capability to manage technical or process knowledge Other types of knowledge and capability, e.g. about markets, human resources, etc.	Networks (ties/density) Resources (types/quantity) Reciprocity	Reputation Celebrity Legitimacy Status	Knowledge of art/culture Knowledge of social trends
Accumulation process (examples)	Absorptive capacity Internal development Learning Spill over and hiring Knowledge transfer	Long-term investment strategies to establish/maintain network	Past demonstration of quality (reputation) External validation of firms' action consistency with norms and beliefs of a field (legitimacy) Past demonstration of quality and affiliation in network (status) External validation by institutional intermediaries Stakeholder perception	Hiring who are specific External collaboration artists and creatives Creative structures Engaging activities Change processes Creative boundaries roles
Effects on firm performance	Product technological innovation Patents Other performance and competitive advantages	Access to a broader sets of information and to information of higher quality, relevance and timeliness Power/influence Solidarity to facilitates compliance with norms	Increased stakeholder's willingness to exchange resources with the firms Improved ability to access other resources	Innovation new market Development symbols Increased customer willingness Development unconventional strategies

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[1] We use the term “general societal culture” to refer to a part of a social world within which a set of common, even if not completely shared understandings exists (Stahl 2002).

[2] Organizational culture has already been recognized as a VRIN resource (cfr. (Mintzberg *et al* 1998).

[3] More recently, Hirsch (2000) extended the definition of cultural products also to some material goods such as gourmet food.

[4] We recognize that numerous definitions of what resources and capabilities exist. To some, “resources” refer to “all assets, capabilities, organizational processes, information, knowledge, etc. controlled by a firm (Barney 1991: 101).” Others distinguish between “resources” and “capabilities” conceptually: resources are assets (Barney & Arian 2001), whereas capabilities are the firm’s ability to leverage them (Teece *et al* 1997). The concept of capital enables us to acknowledge

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<0JB\*aJmHphÿsHhp<NheG½aJmHsH!jhp<NheG½U[pic]aJmHsHhp<NhÆ <aJmHsHhp<NhÆ the distinction  
between capability and resources, and to emphasize the need to accumulate both.

[5] Pfarrer and colleagues (*forthcoming*) refer to the same type of assets as “social-approval assets.”