How Entrepreneurs Use Symbolic Management to Acquire Resources

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Results of a two-year inductive field study of British ventures show that entrepreneurs are more likely to acquire resources for new ventures if they perform symbolic actions—actions in which the actor displays or tries to draw other people's attention to the meaning of an object or action that goes beyond the object's or action's intrinsic content or functional use. We identify four symbolic action categories that facilitate resource acquisition: conveying the entrepreneur's personal credibility, professional organizing, organizational achievement, and the quality of stakeholder relationships. Our data show that entrepreneurs who perform a variety of symbolic actions from these categories skillfully and frequently obtain more resources than those who do not. Our data also suggest three factors—structural similarity, intrinsic quality, and uncertainty—that moderate the relationship between symbolic management and resource acquisition. We theorize how the various symbolic action categories shape different forms of legitimacy that help entrepreneurs acquire resources.●

Acquiring resources—finding investors, employees, associates, or customers—is a challenge for nascent organizations because they lack resources and proven competencies. Given the typically high uncertainty and substantial hazards of the entrepreneurship process (Stinchcombe, 1965), and without a reliable track record, the performance and quality of a new business are hard to establish. This difficulty is exacerbated by a potential information asymmetry between entrepreneurs and resource holders, so that entrepreneurs may possess superior information about the intrinsic quality of their ventures (Amit, Brander, and Zott, 1998). Resource holders are therefore reluctant to commit their precious resources to new ventures (Bhide, 2000: chap. 3; Schoonhoven and Romanelli, 2001; Hellmann, 2002). Resources refer to input factors such as human capital (e.g., employees, board members) and financial capital (e.g., external equity investment, revenues) that entrepreneurs need to create organizations. Some entrepreneurs recombine the resources that they have at hand in a process of "entrepreneurial bricolage" (Baker and Nelson, 2006). Most entrepreneurs, however, even those who engage in bricolage, will be faced at some stage in the creation of their organizations with the need for resources from external stakeholders to launch or grow their ventures.

Researchers have shown the importance of a number of enabling conditions and entrepreneurial actions that can help entrepreneurs obtain resources. These factors include the caliber of the founding team (Eisenhardt and Schoonhoven, 1990); financing, location, and competitive conditions (Schoonhoven, Eisenhardt, and Lyman, 1990); business planning techniques (Delmar and Shane, 2004); the reputation of affiliated firms and institutions (Stuart, Hoang, and Hybels, 1999; Higgins and Gulati, 2003); social capital, such as directorships in other firms (Florin, Lubatkin, and Schulze, 2003); and legitimating certification contests (Rao, 1994). Research on entrepreneurial actions, moreover, has identified a number of ad hoc activities, such as looking for facilities, organizing a top-level team, seeking financial support, and developing a

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prototype, which can occur in various orders (see Aldrich, 1999: chap. 4).

Despite these contributions, two important issues are still insufficiently addressed. First, research has yet to provide us with an empirically grounded understanding of the distinct actions that entrepreneurs take to acquire resources. Many activities identified as important to entrepreneurship, such as organizing a top team or developing a solid operating plan, seem germane to the management of any business, new or established, and apply even to large companies with adequate resources. Moreover, as many entrepreneurs seem to be engaging in more or less similar activities, it is unclear what resource-poor entrepreneurs actually do to distinguish themselves from their competing peers to acquire resources. Second, the theoretical rationale for the suggested actions to acquire resources remains underdeveloped (Aldrich, 1999). In many instances, researchers have tended to look at these actions as a kind of checklist but have not really explored why and how performing them would have a differential impact on acquiring resources. This leads us to ask how entrepreneurs can perform these various actions effectively to increase their chances of acquiring resources from external stakeholders.

An emerging stream of mainly conceptual research on self-presentation and social influence offers some clues to these issues (Schoonhoven and Romanelli, 2001: 389). A few scholars have suggested that building legitimacy to acquire resources during the early stages of venture creation is critical (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001; Zimmerman and Zeitz, 2002). Legitimacy is socially constructed and refers to "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions" (Suchman, 1995: 574). These scholars have proposed various strategies for entrepreneurs, such as manipulating and creating rules, norms, and values (Zimmerman and Zeitz, 2002), creating identities through "storytelling" (Lounsbury and Glynn, 2001), and leveraging friendship and obligations (Starr and MacMillan, 1990). These studies have often focused on how entrepreneurs present information to resource holders, that is, how they manage impressions (Gardner and Avolio, 1998).

Using the impression management approach, several researchers have hinted at symbolic action—behavior that seeks to convey subjective social meanings—as a means of creating the legitimacy that enables entrepreneurs to acquire resources. Aldrich and Fiol (1994: 652) posited that symbolic communication could facilitate cognitive legitimacy (i.e., being taken for granted). Similarly, Lounsbury and Glynn (2001: 549) theorized that stories are important organizational symbols that help legitimate new firms. Focusing on non-verbal symbols, Higgins and Gulati (2003) found that in biotechnology firms, the upper echelon's previous affiliation with prominent organizations could appeal symbolically to prestigious underwriters and encourage them to create initial public offerings (IPOs).

These studies have tended to suggest either general symbolic behaviors (e.g., Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001) or to focus on a particular type of symbol or symbolic action, such as certification contests (Rao, 1994). Taken together, they point to the potential importance of symbolic action for resource-needy entrepreneurs. But we still a lack an empirically grounded understanding of the various categories of symbolic action that entrepreneurs use, how they use them, and how effectively they do so. Missing from the literature is a close examination of the causal link between acting symbolically and attracting resources. In this study, we explore the following questions: which symbolic actions entrepreneurs perform to attract resources and when symbolic action is effective for acquiring resources and why. We used grounded research in a two-year field study to explore these questions because we believed that not enough was known about entrepreneurs' actions to develop testable hypotheses.

SYMBOLIC ACTION

A symbol is something that stands for or suggests something else; it conveys socially constructed meanings beyond its intrinsic content or obvious functional use (Morgan, Frost, and Pondy, 1983). Objects can display both intrinsic and symbolic dimensions (Lievens and Highhouse, 2003; Rafaeli and Vilnai-Yavetz, 2004). The intrinsic dimension corresponds to objective or tangible functions that are recognized independently of the symbolic dimension. For example, an office serves the intrinsic purpose of being a place where people work. This interpretation of functionality is unlikely to differ much from one culture to another. A prestigious office address, however, could symbolically suggest prosperity and high status (Oldham and Rotchford, 1983). The symbolic dimension thus refers to evoked meanings—people make inferences about objects on the basis of shared interpretations.

Actions as well as objects can display both intrinsic and symbolic dimensions. For example, an entrepreneur speaking at prestigious conferences to disseminate knowledge (intrinsic dimension) is also conveying the message that established people recognize and value his or her expertise (symbolic meaning). Defining an action as a social expression that can incorporate both intrinsic and symbolic dimensions extends the view of a symbol as either a rhetorical device with little substantive action or as a socially legitimate verbal statement decoupled from any implementation (Westphal and Zajac, 1998; Zbaracki, 1998).

Symbolic actions may take into account how various displays will be observed and interpreted by particular groups. Symbolic management, that is, the performance of symbolic actions, is a distinct form of impression management (Arndt and Bigelow, 2000). Impression management refers to any behavior that has the purpose of controlling or manipulating attributions formed by others (Tedeschi and Riess, 1981) by regulating the information that is presented about people or their organizations (Schlenker and Weigold, 1992; Ashford et al., 1998). Gardner and Avolio (1998), however, have identified the development and manipulation of symbols as a particular subset of impression management, which they call "staging." Moreover, some impression management actions may have little symbolic meaning and suggest little beyond intrinsic use. Symbolic management can at best be construed as a subset of impression management, but not all forms of impression management are symbolic. Symbolic meaning is culturally specific and has to be subjectively interpreted as such by actors who are familiar with the cultural norms of a given social milieu. For example, a sales presentation that conveys how an entrepreneur can serve customers' needs (intrinsic dimension) may be particularly well done, but if actors in this particular cultural milieu cannot decode any distinctive symbolic meaning, the smooth delivery will have served mainly an intrinsic purpose.

Although the intrinsic content or functional use of an action is often measured by economic or performance yardsticks (e.g., speed, defect rate), its symbolic meanings in a particular cultural milieu are evaluated according to subjective dimensions such as emotions, preferences, and values (Rafaeli and Vilnai-Yavetz, 2004), as well as logic and precedence, which can influence the decisions of resource holders (Brown, 1994).[1] The intrinsic dimension of entrepreneurship could involve organizing actions to enact a novel idea, such as developing business plans, finding investors, hiring employees, and attracting customers (Aldrich, 1999; Delmar and Shane, 2004). Meanwhile, the symbolic dimension of these actions can make the new venture familiar and credible to key groups (Lounsbury and Glynn, 2001). Hargadon and Douglas (2001), who studied Thomas Edison's introduction of the electric lighting system, suggested that entrepreneurs design and present their innovations to mediate between the novel features of their offerings and the expectations, norms, and rules of their institutional environments. In this way, they use symbolic action to create the legitimacy they need to acquire resources.

Institutional theory suggests that organizations that want to appear credible must act in ways that conform to prevailing societal beliefs, otherwise they risk failing to obtain sufficient resources because of a perceived lack of legitimacy (Pfeffer and Salancik, 1978; DiMaggio and Powell, 1983; Zucker, 1986). As Feldman and March (1981) and Pfeffer (1981) noted, using symbols so that actions will be interpreted in ways that are compatible with prevailing norms and values is especially important when stakeholders find it hard to assess and control precisely what they might get from an organization. Symbols suggest categorizations that help people frame social situations or interpret ambiguous ones (Ashforth and Humphrey, 1997), and they are important for entrepreneurs, who often work in highly uncertain contexts. Before a product is fully developed and marketed, for example, no one knows if it will be successful (Gort and Klepper, 1982). Because of this uncertainty, perceptions of the credibility of a prospective course of action will depend on subjective social beliefs (Krueger, 2000) and on the actions of the entrepreneurs who shape these beliefs. As a result, entrepreneurship involves "enactment"—that is, part of the environment that

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We thank one of our reviewers for the insight about logic and precedence.

symbolic actors face is created by the actors themselves (Weick, 1995).

Consistent with these ideas, an emerging stream of research suggests that successful entrepreneurs are not passive participants in their cultural context but, rather, are skilled cultural managers who use culture strategically to deal with the low level of credibility and legitimacy that stems from a lack of supporters and performance history (Aldrich and Fiol, 1994; Hargadon and Douglas, 2001). According to Suchman (1995), an organization's legitimacy can be anchored in distinct but interrelated dimensions, such as the personal legitimacy of the founding entrepreneurs, the organizational legitimacy of the organization's structures and processes, and the relational legitimacy of the other involved people and organizations. But new firms face a serious conundrum: how can they establish legitimacy to attract enough resources to build and sell their first products? DiMaggio (1991) and Rao (1994) suggested that legitimizing consists of creating an account of an organization and embedding it in a symbolic universe. Yet we know very little about the nature of symbolic universes and how entrepreneurs actually use them. In particular, we know little about the variety of symbolic actions that entrepreneurs use, how they use them, and what effects they have on resource acquisition. It was these issues that we focused on in our study of young firms.

METHODS

We began our research without formalizing any expectations of what actions entrepreneurs take to acquire resources. Formulating precise hypotheses seemed premature because current entrepreneurship theories are underdeveloped (Venkataraman, 1997), partly due to the dearth of longitudinal research designs and theory-building efforts in entrepreneurship research (Chandler and Lyon, 2001; Schoonhoven and Romanelli, 2001).

Sample Selection and Data Collection

Our research was based in the U.K. To identify entrepreneurs who had recently launched new firms or were in the process of creating them, we searched a business school's data base of alumni who had become involved in entrepreneurial ventures after they graduated. We identified 230 people, whom we contacted by e-mail to explain the purpose of our research. We asked for entrepreneurs who (1) had launched a company within the past 18 months or were planning to do so in the next six months, (2) had their headquarters in the Greater London area, and (3) were willing to participate in a research project that might involve a substantial time commitment. We guaranteed participants complete confidentiality and anonymity. We aimed to study entrepreneurs in the early stages of creating a company for two reasons. First, we wanted to avoid sampling based on outcomes, and second, these early stages have been given little attention until now (Zimmerman and Zeitz, 2002). We focused on a confined geographical area to minimize sample variation due to environmental factors (e.g., sociopolitical context, business climate, available resources).

We received 83 replies, of which five were negative and the rest were split between "I am potentially interested" and "This sounds interesting, but my venture probably does not fit the research criteria." Of these leads, 40 seemed to fit our three criteria, and the rest were dropped for a variety of reasons—for example, 10 operated outside the U.K. We then conducted telephone conversations with 20 respondents to determine if they really met our selection criteria. We followed up with the other 20 cases by e-mail. Many of these respondents clearly suited our criteria; they were based in London and started during the time period we specified (we allowed some older ventures when the founders plausibly explained why they were still in an early stage). This process allowed us to retain 26 ventures.

We did not expect significant bias due to non-response during the initial selection stage. First, we proposed to study entrepreneurial behavior broadly—our focus on symbolic action and its importance for attracting resources emerged only during our iterative data analysis process, as we explain later. Second, most of the ventures in our sample started between 1999 and 2001 and were at such an early stage of development that predictions about their eventual performance (e.g., success in attracting resources) were premature.

We recorded entrepreneurial behavior (in real time and retrospectively), mostly by interviewing the founders. Here, we refer to the lead entrepreneur—the person who was clearly driving the effort—as the founder or entrepreneur and to other members of the founding team as co-founders. Most founders had graduated from the same top-tier business school, had very high average GMAT test scores (around 700), had an average of five years' professional experience before enrolling in the Master's of Business Administration (MBA) program, and could access the school's vast and high-powered alumni network. Our selection thus controlled for aspects of human capital such as educational background, analytical skill, and managerial experience, as well as aspects of social capital, all of which are usually sources of heterogeneity in entrepreneurial ventures. We thus followed Gartner's (1985) suggestion to increase the homogeneity of subgroups of entrepreneurs and look for variances within them to develop precise mid-range theories.

Beginning in February 2002, we conducted face-to-face interviews, mostly at work sites, with all 26 entrepreneurs in our sample to establish a personal rapport with them. Each first-round interview lasted one to two hours. For the next rounds (the second round of interviews was conducted between October and December that year), we relied mainly on telephone interviews, which lasted between 30 and 90 minutes. We interviewed resource holders (whom we also refer to here as "potential resource providers") between July 2003 and February 2004. We recorded and transcribed all interviews and made extensive handwritten notes. During the first round of interviews in particular, we asked the interviewees to provide us with a comprehensive account of their actions since the earliest days of their ventures. We asked open-ended questions and prompted respondents to provide concrete examples of actions and events with questions like "Did you focus on key processes when building your company?" "Which ones?" "What were the key resources that you acquired?" "How did you acquire them?" and "How did you present yourself to the resource holders?"

To reduce bias from recall and rationalization, we collected data from other sources as well. We regularly monitored the various ventures' Web sites and collected information from the business press, business plans, and presentations. We also collected mini-cases written by entrepreneurs to promote their products, press announcements, and cash-flow forecasts (if available). These sources enabled us to triangulate our findings to build stronger interpretations (Yin, 1984).

On the basis of the data analysis discussed below, we identified seven extreme cases that featured noticeably high or low levels of symbolic action. We decided to look more closely at these actions and how they influenced resource holders. We followed Eisenhardt's (1989: 537) recommendation for a theoretical sampling approach (cf. Strauss and Corbin, 1998) that involves between four and 10 extreme cases in which the phenomenon of interest is "transparently observable." Using a finite number of cases enables researchers to find some balance between generating a reasonably textured theory and having to cope with large amounts of data (Brown and Eisenhardt, 1997; Huy, 2002). As Eisenhardt (1989: 545) argued, "the goal of theoretical sampling is to choose cases which are likely to replicate or extend the emergent theory."

Focusing on these seven cases helped us to reach a satisfactory level of theoretical saturation, in that the other 19 cases that we considered did not seem to yield any new important theoretical insights. In particular, we could not find any evidence that would have suggested we should produce any new categories of symbolic action other than the ones we had already identified. Rather, we found more evidence that confirmed these categories. As a result, we have included later in this paper, among our findings, some illuminating quotes from the 19 other cases in the larger study to enhance the descriptive richness of our findings. Nor did we find evidence that modified or contradicted our theoretical claims. For example, we could not find a single case among the 26 venture projects in which a low level of symbolic actions correlated with a high level of success in consistently attracting resources, nor could we find a case in which a high level of symbolic actions correlated with a low level of success.

For the seven extreme cases, we also interviewed important stakeholders, including co-founders, investors, employees, suppliers, customers, and board members. Some of the questions that we asked stakeholders other than co-founders included "What resources did you provide to the venture, and why?" "Can you give us some examples of how the entrepreneurs approached and interacted with you?" and "What did you like, or like less, about the way the entrepreneur approached you and dealt with you?" For all the ventures except one, we interviewed at least one third party who had denied them resources. Interviews with these third parties lasted between 15 minutes and two hours.

Data Analysis

We used the case-replication method, in which cases serve as independent experiments that either confirm or disconfirm emerging insights (Eisenhardt, 1989). We analyzed our data in three steps. In our first exploratory analyses, the salience of what we generally viewed as impression management behavior emerged; we found noticeable differences in the quantities and textures of accounts of impression management. We first tried a theory-elaboration approach (Lee, Mitchell, and Sablynski, 1999) in which we analyzed a sample of ventures that displayed high and low levels of impression management actions, according to the taxonomy proposed by Gardner and Avolio (1998), which includes categories such as ingratiation, intimidation, supplication, and facework. Our aim was to find any association between high or low impression management actions and resource acquisition. We coded forms of impression management behavior (e.g., "We prepared meticulously for meetings with investors, to the extent that my partner and I went to some consultants to teach us how to present during meetings, how to move during meetings, how to talk") and compared the results to determine if differences in behavior could be related to differences in acquisition outcomes. The general pattern suggested that high impression management activity may be positively associated with high resource acquisition, but we were not fully satisfied, because a few ventures with high impression management actions experienced moderate to low success, so the impression management findings were imprecise. This dissatisfaction led us to reanalyze our data in a second step and focus on symbolic action as a subset of impression management.

We coded an action as symbolic if it met at least one of the following conditions: (1) it was clearly intended by the entrepreneur as a symbolic action, in that the actor displayed or tried to draw other people's attention to a meaning that went beyond its intrinsic content or functional use; (2) it was perceived as symbolic by the resource holder; or (3) we saw it as symbolic. Initially, one of us coded all the actions that entrepreneurs performed to acquire resources. Then each of us independently went through the codes to identify those actions that were symbolic, according to our definition. We then compared them and discussed any disagreements. If we could not reach consensus on any symbolic action, we dropped it. As a result, final coding agreement was 100 percent. In this second analytical stage, we applied both theoretical elaboration and theory building (Lee, Mitchell, and Sablynski, 1999) to develop the model. Theoretical elaboration of the literature on symbols enabled us to recognize that an action can have many intrinsic functions and symbolic meanings. Theory building, moreover, enabled us to induce categories of symbolic action in the entrepreneurial context.

Initially, the category labels closely followed the data. For example, we categorized the display of a top-tier business school degree as an action to convey personal capability and a demonstration of a partially working prototype as an action to convey partially working products. We were able to discern eight subcategories of symbolic action, conveying (1) personal capability, (2) personal commitment, (3) professional structure, (4) professional processes, (5) a partially working product/technology, (6) age, size, or performance, (7) prestige, and (8) individual attention, as described below. Gradually, we grouped our eight subcategories into four, according to the symbolic meaning of each. For example, we grouped action conveying professional structures and processes together because both seek to convey professional organizing. Similarly, we grouped displaying a working product and advertising the age of the firm together because these actions seek to convey organizational achievement.

In the third step, we analyzed more closely how various symbolic actions influenced resource holders in the extreme high and low symbolic action cases. We asked the founders of seven companies (our extreme cases) to allow us to interview several of their resource holders to increase the nuance and validity of our findings. We requested the names and contact details of these third parties from the founders, because the latter might have worried about the potential disruption of their business activities, for example, that potential customers would not want to be contacted and questioned by researchers without being introduced to them first by the entrepreneurs. Because the entrepreneurs did not know precisely what we were investigating, their selection of contacts was less likely to be biased.

Table 1 presents short descriptions of the seven focal cases (the names of the companies and respondents are disguised to ensure confidentiality) and information on the stakeholders that we interviewed for each case. The ventures in this sample are active in many industries, including software (Claim, Mobile), tourism (Travel), investment banking (Market), financial services (Fina), renewable energy (Wind), and communications (Wire). Although most engage in varying degrees of information technology (IT) development for their products and services, some rely very little on IT (e.g., Fina is primarily a human-capital-driven services business, Wind develops wind farms). Thus our sample includes many distinct product-market contexts. Most entrepreneurial teams were first-time founders (Fina, Market, Mobile, and Wire). One was a first-time entrepreneur cooperating with an experienced co-founder (Travel). And two had some earlier, albeit limited, entrepreneurial experience in the same industry (Wind) or a different one (Claim).

Although it is possible that the more successful entrepreneurs and their potential resource holders envisaged and reported more symbol-laden accounts than the less successful ones, we believe that we have done everything possible to control for potential bias by not mentioning symbolic concepts to our contacts. Because most of our entrepreneurs had been analytically trained, moreover, they would have been equally or even more likely to emphasize or rationalize their achievements with analytical business logic than with symbolic action. In addition, we used many data sources to triangulate their accounts, as we show in table 2.

Table 1

Cases and Interviews per Case

Case	Business description	Founder interviews	Interviews with others*	Interview total
Claim	Provides expense-claim solutions for medium-sized organizations; supplies Web-based expense-claim software and consulting-related services.	3	4 (2 co-founders, supplier, customer)	7
Fina	Provides services for special-purpose vehicles in a niche of the finance industry; directs and manages project finance, public/private-sector partnership projects, professional and accountable secretarial services.	3	6 (board member, co-founder, customer, 3 suppliers)	9
Travel	Provides online, real-time reservations for the travel industry; promotes clients to retailers (travel agents and distributors) worldwide, many of whom are market leaders in online travel.	3	5 (angel investor, co-founder, 2 venture capital investors)	8
Market	Delivers an integrated online solution for trading among dealer banks; offerings are based on an online trading technology that provides a platform for trading over-the-counter derivatives.	2	5 (2 co-founders, supplier, 2 venture capital investors)	7
Mobile	Installs and manages wireless communication networks for businesses; brings together interior design, building surveying, project management, radio frequency technology, voice and data network design; specializes in wireless technologies based on Bluetooth technologies.	2	2 (angel investor, co-founder)	4
Wind	Develops wind power projects for generating electricity. Wind farms have minimum environmental impact and provide an efficient way of generating power but are highly capital intensive. Offices in several European and U. S. cities.	2	4 (board member, corporate investor, employee, venture capital investor)	6
Wire	Provides wireless telephony and personal digital assistant (PDA) solutions for businesses. Turns mobile phones, headsets, and PDAs into extensions and gives portable data devices and smart phones access to local area networks (LAN). When in the office, the mobile phone or headset connects to the corporate network, acting as an internal extension, and carries the call over the LAN.	3	6 (board member, co-founder, 3 venture capital investors)	9
Total		18	32	50

* Others include co-founders. Because some stakeholders provided more than one interview, the interview count in each cell of this column may be greater than the total number of stakeholders.

Our analysis of individual actions at this stage suggested a causal link between acting symbolically and attracting resources. To confirm our assertions, we examined the resource acquisition of our seven extreme cases. Resource acquisition as an interim outcome of venture building mediates the ultimate fate of a venture, such as financial success, growth, survival, or longevity. These ultimate outcomes are co-determined by factors that are often beyond the immediate control of founders, such as business cycles, consumer preferences, or demographic trends. Building on Schoonhoven, Eisenhardt, and Lyman's (1990) notion of the speed at which new companies develop their first products for market, we characterized medium-term achievements by the progress that ventures made in acquiring human capital, external financial capital, and customers (Bhide, 2000; Brush, Greene, and Hart, 2001). We considered overall progress in acquiring these resources "good" when there was adequate

Table 2

Illustration of Triangulation of Symbolic Action in Four Examples of Symbolic Action Categories

Symbolic action	Founder	Partners/cofounders
Action conveying personal credibility of entrepreneur: Emphasizing MBA degree (Travel)	"It helps the credibility a lot. I think they quite like the fact that I have an MBA. The previous track record helped. You know, I am Peter Smith, I've got an MBA from a famous business school—again, MBAs were very fashionable at the time."	"Peter had good educational credibility in terms of getting into Cambridge; he got his Ph.D. and an MBA at [famous business school]. So the combination of Peter's background and my track record was reasonably convincing so that we had the ability to pull together the right team to make it happen, and they all say you should invest in teams, not ideas."
Action conveying professional organizing: Providing exceptionally responsive and fast customer service (Fina)	"And if somebody calls back they get their answer today. If I get a quote, that sheet will be on e-mail to that guy within 24 hours of being asked. I will have that in hard copy in his hands within 48 hours, and if I can take it round by hand, it will be there that evening. Why? Impression management."	"We show our clients we know their business; we find the right people in their organizations and try to avoid negative people. There are three keys to our success: trust, timing, and being price competitive. We also try to show ourselves as friendly and helpful. We tried to relate to clients as if we have been with them for an extended period of time and know their business; you integrate yourself as part of their company. Service, service, service; this is key to our business."
Action conveying organizational achievement: Winning and displaying industry award (Wire)	"We got this nice little trophy. It was good having competition, because we tried really hard to beat them, and we tried so hard we actually got more votes than anybody else at the whole show. So we won the best of show award as well. So we went out of stealth mode with a big bang, and got this nice award, which is great. It helped us basically capture a couple of early field trial customers."	
Actions conveying quality of stakeholder relationships: Taking prestigious investor along to supplier negotiations (Market)	"We were probably helped in our negotiations by the fact with these guys that we have, even physically in some of those crucial meetings, we had our investor with us. He was a very imposing kind of person. I think even having that physical presence in the negotiations helped us drive a better bargain. It was quite obvious as well that he was a well-keeper, somebody who controlled a lot of resources. He had that manner about him. When they saw us and they saw our venture capitalist beside us, they really felt we've got to win this deal. I think perhaps if he hadn't been with us, we may have got a deal but it may not have been as good a deal."	"The fact that we were negotiating for the important supplier deal together with that famous VC firm was a major plus. Without this VC firm, none of this would have happened. The supplier was willing to sell out, but without the VC firm, we as Market had no credibility."

or better than adequate success in attracting each of the three key resources (employees, capital, and customers) and when the customer base could be defined in terms of the number of paying customers or sales. This evaluation took into account success in (1) attracting and retaining high-quality employees, managers, and board members, given the venture's growth strategy; (2) attracting enough external capital to fund current operations and planned development, such as research and development (R&D); and (3) developing the cus-

Table 2 *(continued)*

Investors, suppliers, board members	Other sources
VC (venture capitalist) investor: "I am sort of skeptical of MBA qualifications. The fact he [let us know that he] was from [famous business school] did help."	
Supplier: "You intuitively liked the guy i.e., the lead entrepreneur, straight, trustworthy, he did what he said he would. He worked very hard and inspired confidence. He under-promised, and over-delivered." Customer: "Transactions need to be turned around quickly. The entrepreneur provides quick response time. As an entrepreneur, he is persistent, professional, and carries things through."	
Investor: "The founder was a terrific promoter. We won best of show at a couple of prestigious shows, and we were one of *Time Magazine*'s 25 hottest start-up companies in Europe. We got a lot of those awards."	Company Web site prominently displays awards won at trade shows and other recognitions. In his presentations to resource holders (e.g., investors) the founder displayed the most prestigious awards (e.g., selection in *Time Magazine*'s Europe's hottest tech firms award) on the title page.
Supplier: "If the lead entrepreneur had turned up in our office and said I want to do this, I want to use your platform, I want to use your organization, I want to use your authorization, and I'll pay you with the profit, I would have turned him down. But the VC firm that backed Market is extremely renowned and we were quite impressed because we knew about them prior to the meeting with the founder. It was quite impressive when this venture capitalist turned up in his own private jet. So the financial backing was of course the number one issue for us. We were aligned with their thoughts, but the backing, the financial backing was key for our decision processes, naturally." VC Investor: "I think the credibility came with the fact that we invested, right. It was all part of the deal. This is hypothesis on my side, but I think they could simply walk in and say look, a top tier Silicon Valley investor has invested in us."	Company Web site touts the venture capital investor as an important partner.

tomer base (in terms of either the number of paying customers or the amount of absolute revenues) quickly enough to break even within a reasonable time. In evaluating these three dimensions, we relied on our own assessments, as well as those of the founders and stakeholders for each venture. Table 3 provides evidence pertaining to the resource acquisitions of our seven cases. As the table shows, our cases formed two subsets: one in which the ventures were clearly successful in terms of acquiring resources, and another in which they were less successful. The former corre-

Table 3

Ventures' Resource Acquisition (£1 is approximately US$1.80)

	Travel	Fina	Wire	Mobile	Claim	Wind	Market
Date of incorporation	April 1999	October 1999	December 1999	June 2000	March 2000	2000	October 2000
Co-founders	2	2	4	2	4	1	5
Number of employees 6 months after incorporation	5	2	15	3	5	0	8
12 months after	20	2	15	4	5	0	5
18 months after	20	3	25	3	6	0	4
24 months after	40	4	35	3	6	3	9
30 months after	50	4	40	2	7	3	7
Assessment of success in attracting and retaining high-quality human capital	Good: Many motivated people joined, hardly any departures	Adequate to good: Added a few competent professionals; in line with intended organic growth	Good: Signed on many highly skilled engineers	Low: Shrinking employee base despite efforts to expand the business	Adequate: Few new hires beyond founding team; yet consistent with low fixed-cost approach to starting up	Low: Hired two employees, who caused severe problems	Low: Co-founders departed; high fluctuations
Paying customers 6 months after incorporation	500	3	0	1	3	NA	4
12 months after	500	21	0	2	10	NA	12
18 months after	1500	30	0	5	20	NA	16
24 months after	2000	47	0	6	30	NA	22
30 months after	2500	54	0	10	40	NA	30
Sales Q1–Q4 2001 (£)	5,000,000	754,000	0	173,000	NA	NA	23,000
Q1–Q4 2002 (£)	20,000,000	915,000	0	104,000	50,000	NA	22,000
Assessment of success in developing the customer base	Good: According to an investor, company has been "on a roll."	Good: Steadily increasing deal flow	Adequate: Signed on trial customers; yet venture focus was on R&D, not on sales	Low: Very disappointing customer response to venture's offerings	Adequate to low: Won some good customers, but much fewer than founder expected	Low: Began to develop wind farm sites but did not sell any	Low: Number of customers who traded on the firm's platform remained below critical mass
Cumulative external funding until Q4 '02	£3,650,000	£12,550	£13,600,000	£292,000	£558,080	£500,000	$6,500,000
Assessment of success in attracting enough financial capital to fund operations and development	Good: Raised significant amounts even in very difficult funding environment	Adequate: Largely self-funding; no external funds needed	Good: Continued venture capital support helped company through cash crises	Low: Lack of success in fundraising beyond angel investor despite efforts to raise much more capital	Low: Did not raise as many funds as had expected and as were needed for product and market development	Low: Needed but failed to raise several million pounds	Good: Raised significant VC funds very early on and also received later bridge financing
Overall progress in acquiring resources (during 30 months after incorporation)*	Good	Good	Good	Slow	Slow	Slow	Slow

* We considered overall progress in acquiring resources "good" when there was good or at least adequate success in attracting each of the three key resources listed: human capital, customer base (defined in terms of the number of either paying customers or sales), and financial capital. Otherwise, we considered overall progress "slow."

sponds to the cases that featured high levels of symbolic action, whereas in the latter, the levels of symbolic action were low.

Relying on these dimensions of resource acquisition enabled us to compare inherently different business organizations (e.g., a service business such as Fina and a product business such as Wire) and transcend the particularities of each venture (e.g., strategy, industry context). To illustrate, we considered the overall progress of Fina good, though it was largely a self-funded and small-scale niche player, because, given its scale and ambition, it performed adequately in getting external capital and made good progress in attracting employees and expanding its customer base. Similarly, we considered the progress of Wire good, even though it had no paying customers for its first two years, because we knew that it was R&D intensive and first needed resources, such as external funding and employees, to develop its product.

SYMBOLIC MANAGEMENT

Our data, based on both founders' and resource providers' accounts, suggest that symbolic management enhanced entrepreneurs' odds of acquiring resources, though we found significant variation in the use of symbolic action among entrepreneurs, both in terms of quality and quantity of use. Although all entrepreneurs in our study practiced symbolic management to influence potential resource holders, some entrepreneurs appeared more skillful and imaginative than others in performing symbolic actions. They were acutely aware of the advantages of using symbols to overcome the various liabilities of creating a business.

Skillfulness in Taking Symbolic Action

Our findings reveal that entrepreneurs in all four low-resource-acquisition ventures (Claim, Market, Mobile, Wind) performed symbolic actions with less skill than entrepreneurs in high-resource-acquisition ones (Fina, Travel, Wire). The former tended to follow a more technical/analytical approach, focusing their actions on developing their product or perfecting their technological capabilities. The founders underinvested in the skillful presentation of their products, their organizations, and themselves. Skillful symbolic action can be subsumed under the more general description of social skill (Fligstein, 2001) and is hard to define accurately by any single measure, so we propose several dimensions, which are based on the accounts of both entrepreneurs and resource holders. Our data suggest that this concept could involve at least four dimensions: reflexivity, enactment, customization, and complementarity. Table 4 illustrates how we coded them.

Reflexivity. According to our data, the quality of symbolic actions hinges on whether entrepreneurs consider their own constraints and abilities when taking symbolic action. One constraint to which most entrepreneurs in our study were exposed was that they had precious few resources with which to enact expensive symbols. They faced the challenge of approaching resource holders with symbolic actions that did not require a lot of money. Some entrepreneurs, who were eventually successful in attracting resources, managed this challenge well. At Fina, awareness of staging an appearance of professional organizing at the front of the organiza-

Table 4

Illustrations of High and Low Skillfulness in Symbolic Action along Four Dimensions

Dimension	Fina (selected evidence + interpretation): High skillfulness	Mobile (selected evidence + interpretation): Low skillfulness
Reflexivity	Founder: "I also have a database where we have accumulated people over the last ten years. It's something in the order of 7,000 people. I try to keep myself in their cognitive memory by sending out electronic Christmas cards to 4,200 people every year. Look, how many people send Christmas cards to their clients? Every time that we've completed a transaction, we e-mail to everybody just to promote and advise them that we have succeeded." *Considers cash constraints, uses technology to work around them*	Founder: "Gaining credibility . . . we should have done a lot more. I'm just not too sure because PR (public relations) costs money, and I'm not prepared to spend any money on PR. So our options are limited by what we can do for free." *Reflects on constraints, yet not sure how to work around them.*
Enactment	Founder: "I built a database and put all my business cards into it. It now has ten and a half thousand people in it, which is quite a lot. I go through conference lists; I go through all sorts of lists and maintain that database. It's been the most incredibly powerful tool for marketing that I've found." *Founder understands how important database is for performing symbolic actions and is able to build and maintain it conscientiously.*	Founder: "We were just still a bunch of clowns wandering around with PowerPoint presentations." *Is not even aware of factors that enhance credibility.*
Customization	Founder: "What you haven't got here is the client name up here, so it's an immediate association between the client's name, and this just happens to be a law firm, and our own logo. We put that thing right in the middle here. Why? Because it makes them feel comfortable." *Founder pays attention to other people's perceptions.*	Founder: "So we kind of knocked up a wireless business plan. Looking back on it, it's quite embarrassing. We didn't really know the industry that well. Made all sorts of like, really horrendous assumptions that really weren't quite valid. They did enable us to raise a whole £20,000 which is like absolutely nothing." *In the early days, founder failed to take resource holders' perceptions into account; investors expected industry-specific knowledge.*
Complementarity	Founder: "We have a marketing brochure, and we go around and see people, and we show them what our company looks like and how it's grown in three years and that we've now got operations in various countries. Then we say, look, we've just done this . . . deal—that's a billion dollars. . . . That sells itself, really." *Founder combines symbolic action with a personal, face-to-face communication style.*	Founder: "We realized that the cold calling approach was just not working at all. . . . You can't kind of go out to industries and say, you know, we think that they will be early adopters, let's go out and cold call them. I think in the early days they find you." *Founder realizes now that initial process based on cold-calling potential customers did not work yet did not consider a more proactive approach; adopted a passive stance instead.*

tion (Goffman, 1959) was paired with strict cost consciousness in its "back stage" operations. As the founder told us,

> I think cash is absolutely king and you have to be very, very parsimonious with your cash. If you can get a discount, like second-hand computers—why do you want new computers? You don't. I've got second-hand computers. Okay, fine. Have a small office. What matters is the external presentation, your perceived office. External perception is important.

Other entrepreneurs were overwhelmed by their constraints and either could not think of any cash-preserving ways to generate credibility by acting symbolically, as indicated in table 4, or were simply unaware of the need (or of their own abilities) to act symbolically. One Claim co-founder, for example, indicated that at the time he and his business partners were raising funds, they did not consider symbolic management for approaching investors: "If you could be very flash and talk about wireless and all that type of stuff you stood out, and possibly that's something that we didn't do. We didn't really stand out as a business." Our data thus suggest that entrepreneurs who were less aware of their constraints and abilities in taking actions with both intrinsic and symbolic dimensions were less effective in performing symbolic actions.

Enactment. Some of the entrepreneurs we studied were also less successful than others in translating their conceptual awareness of symbolism into actual symbolic actions. Jeremy, the founder of Wind, was aware of the symbolic importance of interesting Web sites, nice furniture, and appropriate dress codes. Jeremy and his senior employee, Luke, even took lessons from a coach who specialized in presentation skills. But they were not very successful in enacting their conceptual knowledge. Luke kept neglecting important symbols such as dress, and Jeremy did not interfere. A board member commented, "Luke was always scruffy. I suggested Jeremy could tell him to look smarter." Most people know intuitively how hard it is to translate conceptual knowledge into skillful action (Pfeffer and Sutton, 2000). Failure to enact knowledge of symbolic action can lead to banal or awkward actions that backfire if people perceive them as socially inappropriate (Ashforth and Gibbs, 1999). By contrast, skillful symbolic actions can convey social efficacy (Feldman and March, 1981).

Customization. Our data show that the quality of symbolic actions often hinges on whether entrepreneurs customized their symbolic displays to particular audiences. Some of the entrepreneurs we studied used dress codes to symbolize formal structures and adapted the way they presented themselves to their various audiences' perceptions of professionalism. They conveyed to their audiences that they understood specific contexts. As a founder of an information technology consultancy firm in our larger study told us:

> If we're going to the City and talking to finance companies in London, we'll dress in the way that finance company people dress: formal suits, good quality shirts, the double cuff or French cuffs, cuff lengths, etc. You know, you're wearing a smart pair of polished shoes. You really make the effort. Having said that, we also just sold a project a few months ago to a construction company, and we did exactly the opposite: we dressed down.

Entrepreneurs who paid less attention to their audiences' perceptions were less successful in attracting resources. Jeremy, the founder of Wind, for example, sent his senior employee, Luke, who was from Italy, to a crucial negotiation with potential Spanish investors who had never invested outside their home territory before, let alone in a British venture. The employee tried a mainly analytic, quantitative approach to convince the Spanish investors, but he was unable to recognize or address these investors' concerns. A member of the advisory board of Wind, who recounted this incident, believed it was a serious mistake:

> Here was a Spanish company that had not made an investment in a non-Spanish company; therefore, Spanish-speaking involvement should certainly have been part of it. But the entrepreneur sent an Italian whose skills are mostly analytical and numerical, and also he was from the wrong industry.

As a result, the negotiations with the Spanish firm broke down. Wind's lack of success in raising equity capital from external sponsors was partly due to the lack of customization in symbolic management by members of the organization.

Complementarity. The quality of an interaction between symbolic actors and their audiences also depends on the level of complementarity between the content of symbolic actions and the processes used to display it. Some ways of communicating symbolic content do not allow entrepreneurs to display the symbolic value of an action fully. The founders of Claim, for example, initially relied exclusively on telephone sales. This constrained the range of symbolic actions they could make and made it harder to display the symbolic value of their product. One investor commented, "Cold-calling is great, but warm-calling potentially works better." With hindsight, one of Claim's co-founders acknowledged the point:

> We pretty much found out that we had to go and visit customers. We had to give them a face, we had to give them comfort, and we had to show them that we understood what they needed. We had to make sure that these finance people felt very, very comfortable with us and that essentially we were not going to fail. If we failed, they were going to look stupid to their senior management, and because they had relatively less power, people were going to be very, very hard on them. So one of the ways to mitigate their concerns was to be there in front of them and to make sure they trusted us and that they built a relationship. That's something we weren't doing originally.

Complementarity, however, is more than face-to-face interactions. It can also involve dynamically adjusting a symbol-laden pitch to achieve optimal fit between the symbolic actors and their audience. As one co-founder of Travel explained:

> I'm not sure that we could ever pre-categorize it, but when we presented together, it was actually a very good combination because some people completely warmed to the other Travel co-founder and didn't talk to me for the entire discussion, in which case I'd just shut up and he presented. Other people did exactly the opposite, you know, and he'd just shut up and I presented. It was kind of 50-50, but we could almost never predict which way it was going to go.

This quote illustrates a subtle form of symbolic interaction: the resource holder not only has to understand what the entrepreneur wants to say but must also personally like the entrepreneur's way of saying it.

We thus view skillfulness in performing a symbolic action as the quality of action that displays (1) reflexivity, that is, the symbolic actor is aware of his or her own constraints and abilities, (2) enactment, in which the actor transforms awareness into symbolic action, (3) customization, in which the actor adapts symbolic actions by paying attention to resource holders' perceptions, and (4) complementarity, in which the actor aligns the content of symbolic actions and the process of performing them. Symbolic actions are skillful when they are mindful of the interacting parties' beliefs and do not blindly mimic others' behavior.

Our data also revealed what kind of symbolic actions entrepreneurs took to acquire resources, given their lack of a track record, reputation, and collateral assets. We found that entrepreneurs emphasized a wide variety of symbolic action categories that conveyed personal credibility, professional organizing, organizational achievement, and the depth of relationships between founders and stakeholders.

Symbolic Actions Conveying the Entrepreneur's Credibility

Entrepreneurs in our study, particularly those who made good progress in attracting resources, conveyed their abilities as credible company builders by symbolically displaying personal capability and personal commitment to the venture.

Personal capability. Some founders made explicit use of their business school degree as a symbol of personal capability. Although the degree represents an intrinsic certification of past academic accomplishments, it also projects business capability, especially if it comes from a reputable business school. Although all of our lead entrepreneurs had graduated from the same top-tier business school, the most successful in attracting resources made sure that potential resource providers knew which school they had graduated from. Investors appreciated this symbolic gesture, as the following comment from one of the venture capital investors in Travel attests:

> The MBA degree obviously showed a level of intellect, and it was very clear from dealing with them that they were very bright, well-thought-out individuals. I am sort of skeptical about the MBA qualifications. The fact [that he let us know that] he was from a prestigious business school did help.

The symbolic action of displaying the degree from a prestigious business school increased the confidence of the resource holder in the entrepreneurs' competence. Waibel and Wicklund (1994) have found that people who are unable to assess the actual performance of another person tend to rely on displays of personal attributes to make inferences about the person's level of competence (e.g., successful artists have long hair, MBA graduates from a certain school are competent business people), even if these stereotypes have little bearing on actual abilities.

The founder of Fina had been laid off in his mid-40s and spent two years without a job. He became interested in starting a company in a niche area of the financial services sector, which was where he had gathered considerable technical expertise, but he lacked industry-specific knowledge and contacts. He overcame these shortcomings by meeting prospective clients and stating that he was doing "research" (intrinsic dimension), an activity that is generally well respected in English society (symbolic dimension):

I remember thinking to myself, "What am I going to do? How am I even going to see people?" I sat down and thought, "Well, play it by private finance initiative. That's flavor of the month, that's linked to the niche in financial services that I wanted to target." So I invented a client who didn't exist, and I then decided I was going to go around and find out about private finance initiatives. So I used to ring people up and say, "I'm doing a research project. . . . I'd like to come and interview you and find out exactly how this works, and what you do."

As a result of this symbolic initiative, the entrepreneur was able to portray himself as a competent technical expert in the specific area that he was targeting. He made valuable contacts and acquired consulting work, too, which generated enough cash to start his firm.

Personal commitment to the venture. Some founders in our study accepted financial sacrifice and delayed personal gratification through a variety of imaginative schemes that not only preserved precious cash for their firms (intrinsic dimension) but also emphasized their personal commitment to them (symbolic dimension). This symbolic emphasis eventually convinced some outside financiers to invest, as one of the co-founders of Travel noted:

Early on in the investment round, we started to include the fact that my partner was going to work for the first six months without any pay which the investors were very impressed with. In fact, it showed a lot of commitment. What the investors didn't want to do was just basically be supporting our lifestyle. They said, "OK, you decide to start this company and you want us to put money into it—what are you putting into this?"

At Wire, the employees as well as the founders voluntarily made substantial financial sacrifices, agreeing to have two months' wages deferred to help their firm endure an acute cash shortage. This symbolic demonstration of commitment impressed existing investors, who decided to make further financing available. The founder of Wire explained:

We asked people to defer salary at the time. People turned back and wanted to defer more than we'd asked for. It was very moving, actually, for the management team. The investors were awe-struck by the fact that people had such commitment to the business. They were very impressed by that. They said that after they closed the financing round, it was one of the key things that really gave them belief in the business.

A board member and investor in Wire confirmed that this gesture gave him confidence and "a great feeling of teamwork as a result of doing it." One investor in an executive recruitment service firm in our larger study explained why a demonstration of commitment was so important to him:

Anyone can make a good business plan. But the fact is that it's got to be the people behind the business plan. It's got to be their commitment—that is what helps you make the hard decisions about investing. It tells you that when the chips are down, these are people who are not going to jump ship. They're going to stay fighting.

These data suggest that symbols of personal credibility, including symbols of personal competence and commitment, are important for convincing potential resource providers because they inspire confidence that the organization members (particularly the founders) are willing and able to manage and build the business, even under adverse conditions. In particular, symbols of commitment reassure resource providers that the entrepreneurs are able to endure adversity and not "jump ship" and abandon their projects when faced with difficulties.

Symbolic Actions Conveying Professional Organizing

Our data showed that founders conveyed the quality of their organizing efforts by displaying and drawing the attention of potential investors and employees to the professional nature of their company's structures and processes.

Professional structures. Conveying professional structures refers to ways of presenting the visible attributes of the company that are usually taken for granted, for example, its legal status and corporate hierarchy (Meyer and Rowan, 1977), or formal roles such as chief financial officer and vice president of human relations (Sine, Mitsuhashi, and Kirsch, 2006). According to our data, other important structural attributes that entrepreneurs displayed as symbols included the company's Web site, its offices, or its dress code. A Web site served not only as the online tool for distributing company information (intrinsic dimension) but also as the symbol of an established, professionally run company—one that can "help the entrepreneur pitch to the [venture capital] world to raise funds," as one supplier of marketing services to Claim remarked.

To convey professional structures symbolically, some entrepreneurs in our study received resource providers in fashionably decorated front offices and/or impressive buildings (intrinsic dimension), receiving guests in places where one could meet and work, to suggest reliability (symbolic dimension). A founder of an executive recruitment service firm in our larger study elaborated on the symbolic importance of impressive offices "to give people confidence that we have been around for some time and we will be around for some time." He explained how this display of formal structure helped his venture entice customers:

> A very major company came to see us when we were only two or three months established, and we were very delighted to win a significant amount of work from them. When we asked them some time down the line why they had given us the chance to do this rather than some of our perhaps better established competitors, they told us that they were so impressed that we were obviously a business of substance because we had such a large, well-appointed office. They didn't know that we had a very, very small office, just in a large building.

Recent research on established organizations indicates that many people think of office décor as an indicator of identity. Observers draw conclusions about social status and distinctiveness on the basis of a few displayed artifacts (Elsbach, 2004). They link status (e.g., power and wealth) to furnishings, location, and décor. Most people, after all, have a common conception of what high-status environments look like (Dittmar, 1992).

Professional processes. Professional processes refer to organizational activities that conform to rules of proper behavior and attitudes with respect to rationality and accountability (Weber, 1947). As Feldman and March (1981) pointed out, organizational processes may be more important than the outcomes they produce. We found that entrepreneurs acted symbolically to convey the professionalism of their organizational processes, such as hiring staff using very sophisticated recruiting techniques. Obviously, what are considered professional processes depends on the institutional fields in which the ventures operate. These processes could transcend their intrinsic purpose (e.g., ensuring selection of high-quality employees) to convey symbolically professionally run enterprises.

In one example from our data, the founders of Wire adopted a tough recruiting process not only to select and evaluate staff (intrinsic dimension) but also to convey to prospective high-quality employees, as potential resource providers, how serious the founders were about their venture (symbolic meaning). As the founder told us:

> We put the job applicants through an absolutely grueling recruiting process. The underlying thing was that we tried to capture a lot of data about people in a way that signaled that we were absolutely ruthless about screening people and very, very professional about dealing with it. So we projected a signal to these engineers that this was the toughest interviewing process they were ever going to go through. We had people just walking out of there saying, "You hurt my brain."

This symbolic value has been confirmed by empirical studies of recruitment by established organizations (e.g., Lievens and Highhouse, 2003). Although good compensation packages or opportunities for advancement are generally perceived as attractive, these benefits do not markedly differentiate companies in the same industry. Job applicants are attracted to organizational attributes (e.g., innovation) for their symbolic meanings and self-expressive values. An elaborate evaluation of prospective employees is symbolic because ceremonial procedures signal to both current and new employees that membership is valuable (Trice, Belasco, and Alluto, 1969). Our data suggest that resource holders were favorably impressed by these symbolic actions conveying professional processes, as Claim's supplier of marketing services testified: "They're a very professionally run organization. I mean, it's a small business with big business practices. I think it's very good. I get the impression that this business is run on a set of objectives, achieving objectives without deflection."

Symbolic Actions Conveying Organizational Achievement

Organizational achievement refers to past accomplishments. Because their short histories did not allow the firms in our study to amass long track records of traditional performance measures, some entrepreneurs tried to compensate by symbolically emphasizing preliminary or interim achievements that their firms had realized, such as partially working products and technologies or the fact that they had been around for a while and grown.

Partially working products and technologies. Our data revealed that entrepreneurs used prototypes, product demonstrations, trial sites, and awards to represent partially working artifacts. These are symbolic because they convey preliminary images of the ultimate products. Entrepreneurs displayed something that appeared to work, although it was incomplete, to reduce the perceived level of technological and business risk. In prototyping, this clearly went beyond the intrinsic functions of saving costs and designing innovative solutions that better fit customers' needs (Kelley, 2001; Hargadon, 2003). The symbolic display of company achievement helped attract customers, as one investor in Wire confirmed by describing how Wire won over an important client during a product demonstration:

> The large company was going to do a formal search through a number of companies, and they really got so excited about Wire—they truncated that process and they selected Wire because it's really an exciting vision, and Wire had a product that looked snazzy. This win happened when the business founder gave what I'll call a controlled demonstration. The demo really looked great.

The founders of Wire also won industry awards for their technology development, even though they had not yet produced a commercially viable product. They drew attention to these awards on the firm's Web site and in communications with the business press. Wire's chairman of the board, who was also an investor, explained the symbolic value of these actions:

> The fact that existing investors supported the company in a severe cash crisis and stuck with it was very much supported by the winning of awards—in other words, the external support for these guys working on this piece of technology. You know, Entrepreneur of the Year and all those sorts of things. . . . The technology industry congress endorsing what Wire was doing helped people to stay with this concept. Could we prove it worked in the marketplace at various points? No, we couldn't. But we needed to get those external endorsements to help us stay with it.

As Rao (1994: 32) noted, victories in certification contests for early car manufacturers were actually social tests that legitimated these organizations and enhanced their reputations because of two widely held beliefs. First, winners are better than losers. Second, contests convey rational and impartial testing. Participating in competitions and winning awards are credentials that symbolize capabilities and establish social standing.

Venture age and number of employees. Some entrepreneurs in our study conspicuously displayed the age or number of employees of their ventures (intrinsic dimension), both to communicate business facts to stakeholders and to convey a variety of organizational achievements (symbolic dimension). The older the firm, for instance, the more major hurdles it had overcome to become an established enterprise, and the probability of going out of business had significantly diminished. As one founder said, "It made a massive difference to say that we've been around for 12 months, we're no longer fly-by-night. You could just see it in people's receptivity." Thus, on its February 2003 Web site posting, the firm underlined that it had incorporated at the beginning of 2000. Legal incorporation has been shown to enhance survival odds, probably because it enhances the venture's legitimacy (Delmar and Shane, 2004). The co-founder of Fina explained how the founders had created Web site presentations that made his venture appear larger than it really was: "We create an illusion. If you looked at our Web site, you'd think we were 20-something people. You come to this office and you notice we're actually four."

Symbolic Actions Conveying Stakeholder Relationship Quality

Associations with prestigious external stakeholders (e.g., customers, investors) are important for new companies, which lack substantive achievements and solid reputations (Stuart, Hoang, and Hybels, 1999; Higgins and Gulati, 2003). We found that entrepreneurs drew symbolically on the prestige of their associates to acquire more resources and that they also showed symbolic personal attention to potential stakeholders.

Prestigious stakeholders. As an ongoing concern, a new firm needs to be seen in good company with high-profile organizations and individuals. Our data showed that entrepreneurs attempted to achieve these goals through symbolic actions such as dropping high-profile names, mentioning relationships with famous people or companies, or involving prestigious outsiders as company representatives in meetings. The intrinsic content and functional use of these actions are that they account for existing and potentially useful relationships, but they also carry symbolic meanings in that ties with prestigious outsiders enhance legitimacy in the eyes of third parties. As an illustration, name-dropping helped the founders of Travel land their first big customer. They used the name of one hotel chain to get a second to join their network. Then the entrepreneur drew attention to these two big names to recruit other clients and obtain additional funding. As the founder noted, "The fact that we had two international multimillion-dollar companies who supported us gave us a lot of credibility and was absolutely critical for getting funding." In addition, the backing of four high-profile investors and industry experts who joined the company's board became an important symbol of prestige to the outside world, which the entrepreneurs deliberately displayed in presentations. As the Travel founder indicated, "They've been a real asset in terms of credibility, and it helped us forge important partnerships." As he explained,

> We've just got a big deal with the Association of National Travel Agents to promote us to 6000 travel agents, and it's a huge deal, and we're only 25 people in the company. The reason they think we can do it is they look at our board and they see some very big names on there now.

Personal attention. Entrepreneurs from our various sample firms remained concerned that the relatively small size of their ventures made them easy to overlook or forget. Acutely aware that larger companies deal with many suppliers, some (but not all) entrepreneurs made conscious efforts to be noticed or remembered. By doing so, they maintained and expanded their resource holders' awareness of them, to generate repeat business or be introduced to other companies. These efforts included sending flowers, delivering customized e-mail greetings on special occasions, and offering gifts, usually displaying their corporate logos. These were symbolic actions in that they reminded recipients of the existence and reliability of the senders. Fina's founders, for instance, regularly offered inexpensive artifacts as symbols of personal attention. As one of them told us, "We try to influence the clients' selective recall. The way we do it is through small gifts like a pen or a ruler with our company name on it. People keep these things on their desk and they use them. You're laughing at this, but the small things help people to remember us."

Resource providers appreciated these gestures. As one Fina customer said, "Fina regards our large investment bank as a prime client. Service is important, and Fina attends to us as if we were their most important or only customer, and continues to do so." Other scholars have suggested that recipients highly appreciate symbolic actions that are associated with minor intrinsic value (e.g., granting honorary titles), because they signify affiliation and offer recognition for valued contributions (Salancik, 1977). Moreover, considerable research suggests that people who experience positive feelings become more helpful and generous. Even seemingly small gifts, such as cartoons, cookies, or notepads, can reduce interpersonal conflict (Isen and Baron, 1991), facilitate negotiations (Carnevale and Isen, 1986), and promote helping behaviors among strangers (Isen and Levin, 1972).

Many of the symbolic actions described here appear straightforward, and one might think that all entrepreneurs would make similar use of them and, consequently, little differentiating advantage would result. But we found sharp variations in the variety, as well as the frequency of symbolic actions performed. Entrepreneurs did not use symbolic management uniformly.

Variety and Frequency of Symbolic Actions

In contrasting high and low levels of success in attracting resources, our analysis showed that the most successful entrepreneurs communicated through the widest range of symbolic actions, while less successful entrepreneurs used a narrower range. Market, for example, failed to enact a wide range of symbols. It won a prestigious business plan competition, raised $2 million from a blue-chip venture capital firm, and negotiated a deal with a technology provider, all within a few months during the first half of 2000. Instead of widely publicizing the symbolic value of these achievements, however, Market used a narrow approach and relied almost exclusively on the lead entrepreneur's presentational skills. Market rapidly lost steam because of its inability to entice customers to trade actively on its platform. Even though it was slowly building an installed base, the number of active, paying customers (critical for an online marketplace) remained low for the first three years.

Table 5 depicts the categories of symbolic action that we have described and compares high and low resource-acquisition ventures. The more categories that are indicated in a column (venture), the greater the variety of symbolic actions. The number of check marks in each cell depicts the frequency of symbolic actions, with each check mark representing a different action (rather than a repeated single action, such as offering a pen with a company logo) used to acquire a resource. The more check marks in each cell, the higher the frequency of symbolic actions that the founders reported. The table shows that high-resource-acquisition ventures had a higher frequency of symbolic actions than low ones.

Taken at face value, table 5 might suggest that the quantity of symbolic actions (variety and frequency) is enough to predict success in resource acquisition, but we are reluctant to draw that conclusion because of the nuances provided by our qualitative analysis—those featured in our proposed concept of skillfulness in taking symbolic action. The skillful and frequent use of a variety of categories of symbolic actions seems to better explain why some entrepreneurs attracted more resources than others. In addition, our data suggest that there are other factors that could moderate the relationship between symbolic management and resource acquisition in entrepreneurial ventures, specifically, the structural similarity between the venture and the resource holder, the intrinsic quality of the venture, and uncertainty in the market.

Moderating Factors

Structural similarity. The relative importance of symbolic actions and their required quantities and qualities depends on factors that are beyond the scope of our core constructs but that nonetheless affect the relationship between symbolic management and resource acquisition. For example, the required skillfulness, variety, and frequency of symbolic actions to attract resources depend on the structural similarity between the resource holder and resource seeker. Our data show that the smaller the difference between resource holders' and founders' norms, expectations, or status, the less important symbolic management is for bridging it.

Table 5

Variety and Frequency of Symbolic Actions in Resource Acquisition*

Symbolic action denoting:	Travel	Fina	Wire	Mobile	Claim	Wind	Market
Personal credibility							
Personal capability	✓✓	✓✓✓	✓✓✓			✓	✓
Personal commitment	✓		✓				
Professional organizing							
Professional structure	✓✓✓	✓✓✓	✓✓			✓✓	
Professional processes	✓✓	✓	✓✓✓				
Organizational achievement							
Partially working product/ technology	✓	✓✓	✓✓✓	✓			
Age, size, or performance	✓	✓	✓		✓	✓	✓
Stakeholder relationship quality					✓		
Prestige	✓✓✓	✓✓	✓	✓	✓✓	✓	✓
Individual attention		✓✓✓	✓✓				

* Each check mark represents one distinct symbolic action (rather than a repeated single action) that was used in acquiring one resource. Travel, Fina, and Wire represent cases in which the entrepreneurs were successful in acquiring resources.

Specifically, if potential resource providers have worked in conditions similar to those of the entrepreneurs and are therefore familiar and comfortable with the context of a venture, it might take relatively little effort to win support from them. One Claim co-founder mentioned this point:

> Our first customer was another startup, but one that was funded by Oracle and Alcatel. So it's a slightly different scale, but still that startup mentality, and they loved the products, and they weren't interested whether we had any customers, because they didn't have any customers . . . you know, it wasn't an issue. "You're a startup, we're a startup, great, yes, what have you got? Fantastic, we like it." Let's go. So their attitude toward risk was very different to that of other companies that wanted to see our balance sheet from last year, or something that we couldn't really furnish because we didn't have it.

Structural similarity can help speed cognitive appraisal and mitigate possible doubts. A supplier for Claim, himself an entrepreneur, admitted, "I've been a hopeless businessman all my life, and if I like people and I like their business idea, I'll back them, not necessarily financially, but I'll back them in terms of time and effort to help make it work." Another investor confirmed, "I like to think of myself as a little entrepreneur, so I'm naturally interested in other people who call themselves entrepreneurs." These comments point to empathy with the entrepreneur and sympathy for the entrepreneurial cause as possible explanations for why we expect that the higher the structural similarity between potential resource providers and entrepreneurs, the weaker the association between symbolic management and the acquisition of resources.

The homophily literature suggests that contacts between similar people occur at a higher rate than dissimilar people (McPherson, Smith-Lovin, and Cook, 2001). Advice, respect, and support networks are strongly shaped by people who share similar structural positions or work roles (Ibarra, 1995), such as entrepreneurial work. People who perform similar work roles often influence one another in the adoption of innovations (Burt, 1982). Perceived similarity increases mutual attraction, and people associate with similar others for shared preferences and ease of communication (Huston and Levinger, 1978).

Intrinsic quality. The state of venture development also matters for the impact of symbolic management on resource acquisition. When entrepreneurs can point to impressive intrinsic track records and achievements, they do not have to rely on the symbolic dimension as much as if they have few such resources. Travel, for example, built a broad resource base of customers, suppliers, employees, board members, and investors. Doing so significantly reduced its venture liabilities after only a few years. Consequently, the co-founder claimed:

> I think endorsements from hotels that work with us are much more important in the early days than they are later, which is unfortunate because the early days are when you [need them most]. The early endorsements are slightly disingenuous because the hotels only worked with you for a couple of weeks, but you asked them for an

endorsement anyway. It looks like you've been around for a while. . . . We produce quite glossy looking brochures, which annoys me because I don't actually think they do much good now. But certainly then people would say, "Right, they must be reasonably good—they can afford a brochure."

Our data lead us to surmise that the more visible a firm's intrinsic quality (i.e., the more advanced its state of development), the weaker the association between symbolic management and resource acquisition. Symbolic actions performed for startup organizations lacking a track record or standing are likely to be more consequential than those performed for more established organizations (Rao, 1994: 33). As early symbolic actions help entrepreneurs acquire resources to develop high-quality offerings, a profitable customer base, and reliable production, these intrinsic achievements are likely to be increasingly sufficient to convince stakeholders to provide more resources. A track record of technical performance and intrinsic success increases the organization's legitimacy and eases resource acquisition (Lounsbury and Glynn, 2001). Once conferred, legitimacy is reassessed less vigilantly, unless major mishaps occur (Ashforth and Gibbs, 1990; Suchman, 1995). The relative use of symbolic management is likely to decline as a venture's intrinsic quality becomes more visible.

Uncertainty. Finally, our data suggest that the greater the uncertainty in the marketplace about the value of a company's offering, the more important symbolic management is likely to be for attracting resources. Uncertainty can be constant if competition is high. As one founder in the executive recruitment service firm in our larger study told us, "Our industry has very few barriers to entry. Anybody can stick a brass plate on their door and announce that they are now in business. So we differentiate ourselves by conveying a whole feel of quality, with good-quality offices in good locations with good-quality furnishings and good people to project a feel of validity, of a well-established business."

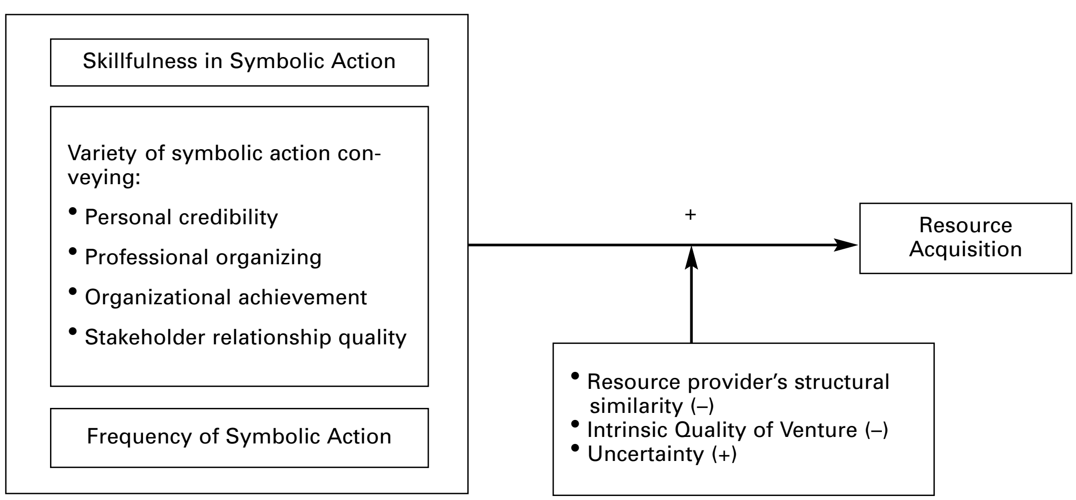
Despite the heightened uncertainty and nervousness that beset international investors following the terrorist attacks of September 2001 in the United States, the founder of Travel negotiated hard with financiers and demonstrated to the various parties that he was a tough and shrewd businessperson in whom it paid to invest. Investors took notice, as one of them testified: "The founders were actually prepared to be quite challenging, when in reality their position was probably not as strong as it would have been pre-9/11. So they had the wherewithal to still negotiate hard, and that was a good sign in my view." Another investor confirmed, "We test the entrepreneurs very consciously and very actively during the negotiation process. People who lie down and take any terms you'll offer them are probably not people you want to back." This finding is consistent with Pfeffer's (1981: 46) claim that symbolic action becomes important "in contexts in which assessment is difficult, involvement is segmented and incomplete, technology or the connections between actions and results are uncertain, and preferences are ambiguous." Under these conditions, potential resource providers want to see some evidence that their preferences and interests are well understood (McGrath and MacMillan, 2000). Because one function of symbolic action is to mitigate uncertainty, we propose that the greater the entrepreneurial uncertainty, the greater the influence of symbolic management on attracting resources (see also Higgins and Gulati, 2003).

DISCUSSION

We motivated this study by asking what kinds of symbolic actions entrepreneurs use, how they use them, and why they could be effective for resource acquisition. Our empirical findings show that performing symbolic actions—conveying the entrepreneur's personal credibility, professional organizing, organizational achievement, and the quality of stakeholder relationships—can indeed help entrepreneurs acquire resources. Moreover, our data suggest that it matters not only what symbolic actions entrepreneurs perform but also how they perform them. Ventures whose founders skillfully and frequently performed a variety of symbolic actions attracted more resources than those whose did not. Finally, our data suggest several factors—structural similarity, intrinsic quality, and uncertainty—that moderate the relationship between symbolic management and resource acquisition. Figure 1 summarizes these findings.

Our study indicates that variety in symbolic action is important to resource acquisition. Studies of persuasion have shown that the credibility of a source (e.g., entrepreneur) affects the credibility of the message (Hovland and Weiss, 1951; Petty and Cacioppo, 1986). Because entrepreneurs deal with a variety of resource providers who have different interests and values, a symbolic action that appeals to one might not appeal to another. The "law of requisite variety" (Weick, 1979) is likely to apply here. Furthermore, enacting a wide variety of symbols is likely to be more effective than limiting one's range, because symbols might be interdependent and reinforce each other's meaning. Entrepreneurial firms need to convey credibility by using many symbols and cannot afford to rely on the effects of only a few.

Figure 1. Model of entrepreneurs' symbolic management and resource acquisition.



Frequency in symbolic management is also important, because the extent to which symbolic actions display patterns of congruent symbols that can be observed repeatedly can convince resource providers that the business is legitimate. There may well be a critical threshold of legitimacy above which the new venture will be better able to acquire needed resources (Zimmerman and Zeitz, 2002), and frequency as well as a variety of performed symbolic actions can help entrepreneurs attain this critical level. Performing the four categories of symbolic actions can help entrepreneurs acquire resources because it helps them attain legitimacy.

Creating Legitimacy through Symbolic Action

Rao (1994: 30) suggested that "legitimacy flows from symbols." Symbols represent an integral part of people's knowledge structures and taken-for-granted assumptions that help them make sense of social reality (Weick, 1995). Previous research has found that decision makers evaluate the creative potential of unknown applicants by matching the applicants' behavioral, physical, and relational cues with preexisting mental prototypes (Elsbach and Kramer, 2003). Conceptual studies on the use of symbols in the context of entrepreneurship have built on these insights and evoked legitimacy as important for resource acquisition (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001). Moreover, different categories of symbolic action can shape different forms of legitimacy. These forms of legitimacy can represent some of the implicit assumptions that resource holders use to make early assessments, under conditions of uncertainty and ambiguity, for a number of reasons.

First, enacting symbols of personal credibility can convey a particular form of cognitive legitimacy, which Suchman (1995: 583) called legitimacy based on "taken-for-grantedness." Such legitimacy is underpinned by a set of "givens" or taken-for-granted assumptions that displace other questioning views. Assumptions about professional and scientific bodies (Scott, 1994) serve this purpose. Our data suggest the presence of cognitive legitimacy when investors assume that the entrepreneurs in our study—as graduates of top business schools or people engaged in "research"—are intellectually capable or know how to apply the most effective managerial techniques, even if the investors could not discern precisely what the entrepreneurs knew or if the techniques they applied were appropriate.

Moreover, symbols of personal credibility—as displayed in actions that convey personal commitment to the venture (e.g., working without pay or deferring pay to deal with the venture's cash shortage)—can also convey what Suchman (1995: 581) called "personal legitimacy," namely, the display of personal drive, conviction, and vision in ways that might disrupt the old social order and initiate a new one. Most people assume that the management team has a strong influence on any company (Hambrick and Mason, 1984) because it represents and shapes the company's culture, often by means of symbolic actions (Pfeffer, 1981). Thus symbols of the founders' personal credibility are likely to influence the kind of employees recruited, who in turn participate in shaping the company's character (Selznick, 1957).

Second, enacting symbols of professional organizing can enhance what Suchman (1995) called "structural legitimacy" and "procedural legitimacy." Formal structures and processes (e.g., Claim's "big business" practices) ensure skeptical resource holders that the unproven venture has embraced scientific, state-of-the-art, or professional practices. Procedural legitimacy is even more important in the absence of clear outcome measures (Scott, 1977). In the early days of a venture, when the product is neither fully developed nor proven in the market, symbols of professional organizing can help reassure stakeholders that the "entire *systems* of activity recur consistently over time" and that the venture is "the right organization for the job" (Suchman, 1995: 581).

Third, enacting symbols of organizational achievement (e.g., Wire's display of industry awards) can enhance what Suchman (1995) called "consequential legitimacy." According to the rationalist "mythology" of the modern order (Meyer and Rowan, 1977), organizations should be judged on what they accomplish. These intrinsic (technical) dimensions of achievement are socially defined and seldom exist in any objective sense. In highly ambiguous settings, claims of achievement are primarily signs of disposition or potential achievement (Suchman, 1995: 580). Nascent ventures can start building consequential legitimacy by drawing the attention of resource holders to early symbols of achievements that may have yet to lead to commercial success.

Fourth, enacting symbols of the quality of relationships with stakeholders through displays of prestige or personal attention (e.g., Travel's advertisement of its first two big-name customers or Fina's sending of small gifts) foster what Suchman (1995: 578) called "dispositional legitimacy." The modern institutional order increasingly personifies organizations and treats them as coherent, morally responsible actors. People are likely to accord legitimacy to organizations that appear trustworthy or decent or wise, but the attribution of good character generally requires a track record of consistently reliable performance that new businesses do not have. As Suchman (1995: 588) suggested, though, a firm can "overcome this obstacle by trading on the reputation of its key personnel in previous endeavors. These dispositional spillovers may be reinforced by the use of *character references,* who are willing to vouch for the untested entity's innate reliability." For example, Higgins and Gulati (2003) showed that recruiting senior managers based on their previous affiliation with prominent organizations enhanced the legitimacy of young biotechnology firms.

Finally, taken together, these four categories of symbolic action can also shape "exchange legitimacy," defined by Suchman (1995: 578) as "support for an organizational policy based on that policy's expected value to a particular set of constituents." In the context of nascent ventures, various groups of stakeholders may provide resources for different expected economic or symbolic benefits. In addition, individual symbolic actions within the described action categories, such as paying attention to external stakeholders by being particularly responsive to their needs, can foster "influence legitimacy," which arises when resource holders perceive that the organization is responsive to their larger interests (Suchman, 1995: 578). The four categories of symbolic actions that we identified from our data encompass all of Suchman's forms of legitimacy and help shape the overall legitimacy of the nascent organization, thereby enhancing its ability to acquire resources (Zimmerman and Zeitz, 2002).

Contributions and Future Research

To the best of our knowledge, the inductive model that we present here is the first to ground empirically a range of symbolic actions performed by entrepreneurs. It is also the first to link theoretically the categories in which these actions reflect different types of legitimacy that facilitate resource acquisition in entrepreneurial ventures. Our model is also more widely applicable than previous studies on entrepreneurs' resource acquisition. These have focused on later stages, such as the IPO (e.g., Higgins and Gulati, 2003), particular resources, such as sales (e.g., Eisenhardt and Schoonhoven, 1990) or financial capital (e.g., Florin, Lubatkin, and Schulze, 2003), and specific industries, such as biotechnology (e.g., Stuart, Hoang, and Hybels, 1999) or semiconductors (e.g., Schoonhoven, Eisenhardt, and Lyman, 1990). Our model holds for early stages, a broad range of resources, and a variety of industries. For example, we studied firms in software, financial services, and renewable energy industries, among others. It centers on entrepreneurial action, rather than firm-level or industry characteristics, following the belief that theories of the entrepreneur require theories of action (McMullen and Sheperd, 2006).

Unlike prior research, which has examined outsiders' perceptions of a firm's quality associated with specific resources that can be moved across firm ties (Stuart, Hoang, and Hybels, 1999) and has characterized organizations as a passive conduit through which resources flow (Podolny, 2001), our model depicts the entrepreneur as an active shaper of perceptions (Schoonhoven and Romanelli, 2001) and a potentially skilled user of cultural tool kits (Rao, 1994; Lounsbury and Glynn, 2001). Although scholars have hypothesized about the importance of symbols (e.g., Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001) or empirically highlighted a few symbols relevant to entrepreneurs (e.g., Rao, 1994; Higgins and Gulati, 2003), our empirical study could well be the first that systematically analyzes a wide variety of symbolic actions in nascent ventures, how these actions are performed, and what effect their use has on resource acquisition.

We focused on the nascent period of ventures' lives, well ahead of an IPO. This period, although critical, has been underresearched because it is hard to detect emerging ventures with traditional data base searches. We have enriched the entrepreneurship literature by articulating in a textured way four categories of symbolic action to overcome the liability of newness (Stinchcombe, 1965), thereby answering the question of what actions resource-poor entrepreneurs can take to distinguish themselves from other nascent ventures that compete for resources. We showed that patterns of symbolic actions (skillfulness, variety, frequency) increase the likelihood of acquiring resources and proposed a theory that explains why and how performing these actions has a differential impact on resource acquisition.

Our study also contributes to the literature on symbolic management. Prior research in that domain has examined how communication in response to an established organization's image affects its later performance (e.g., Sutton and Callahan, 1987; Marcus and Goodman, 1991; Elsbach, 1994) and how symbolic action and communication affect power and control relationships within firms (e.g., Westphal and Zajac, 1998). We extend the latter scholars' view of symbolic action as verbal pronouncements that are aligned with social norms but are not actually carried out. In the context of resource acquisition, we define symbolic actions as actions that are performed alongside their intrinsic dimensions, rather than instead of them. In so doing, we hope to restore the full richness of symbolic actions in organization studies.

Recently, sociologists have developed theories on what agency means (Emirbayer and Mische, 1999) and have recognized that social skills grounded in symbolic interactions are important for institutional entrepreneurs to elicit cooperation from other actors and therefore to create new systems of meaning (Fligstein, 2001). We contribute to this debate by providing a more textured understanding of what these social skills involve, how they are performed, and why they are effective, drawing particular attention to the importance of symbolic actions. This development could stimulate further research on symbols, including those that are not physical artifacts (Pratt and Rafaeli, 2001). Researchers could explore, for example, the kind of symbol that sometimes provides legitimacy and sometimes does not (Glynn and Abzug, 2002; Higgins and Gulati, 2003). Our proposed model can also broaden the scope of research on effective subsets of symbolic actions in narrower contexts (e.g., specific institutional fields, industries, or cultures).

Finally, we believe that we have also enriched the legitimacy literature. As Zimmerman and Zeitz (2002) pointed out, a key gap in that literature is limited understanding of what to do to acquire legitimacy, especially if a new organization has few resources (Lounsbury and Glynn, 2001). We have contributed to this literature by proposing four empirically grounded categories of entrepreneurs' symbolic actions that can give rise to various forms of legitimacy (Suchman, 1995). Symbolic management thus represents an effective means for resource-poor nascent organizations to create legitimacy from scratch. Prior conceptual work in this domain has often focused on certain types of legitimacy, such as cognitive and social-political legitimacy (e.g., Aldrich and Fiol, 1994; Zimmerman and Zeitz, 2002), and then hypothesized general action strategies to manipulate and create them. By focusing on concrete symbolic actions first and then asking what types of legitimacy they can help create, we have provided a distinct mapping of symbolic action categories onto several forms of legitimacy. Our theory development points to those forms of legitimacy that matter differentially for resource acquisition in entrepreneurial contexts, namely, personal and cognitive, structural and procedural, consequential, and dispositional legitimacy.

Despite the contributions that we have described, our research is limited in some ways. Our first interviews started, on average, about two years after the ventures were incorporated, and thus there is a possibility of some recall bias. This bias was reduced with the subsequent interviews, which occurred at shorter time intervals. We also sought to reduce it by basing our analysis not just on the founders' interviews but also on interviews with resource holders, as well as more observable and objective data.

In addition, the use of a relatively homogeneous sample reveals some important aspects of entrepreneurship but might hide others. We have controlled for sources of variation that could turn out to be important contingency factors, such as the quality of human capital, and the cultural, historical, and sociopolitical context: we studied only MBA graduates of a particular business school who founded companies in one city in the U.K. Our relatively homogeneous sample might have highlighted the importance of symbolic actions in relation to other factors (e.g., business experience, social capital) that could have been more effectively revealed in more heterogeneous groups, though it enabled us to discern the link between symbolic management and resource acquisition. In more heterogeneous groups, the importance of symbolic management might vary in relation to factors such as technical business skills, analytical intelligence, or social networks. Furthermore, though our study begins to highlight the challenges of symbolic management through the notion of skillfulness, researchers should further explore the conditions that cause excessive or inappropriate symbolic action.

This study offers researchers and practicing entrepreneurs a deeper appreciation of the challenges of acquiring resources for emerging firms and how these may be overcome. Creative business ideas are valuable but represent only an entry ticket to this game. Technical and analytical skills are handy, but before entrepreneurs become successful innovators, they must first be able to master symbolic management. Entrepreneurship scholars hitherto have often focused on the entrepreneurs' role as innovators who combine resources in novel ways, while our research points to the importance of symbolic management in the early phase of organization building. By enacting symbols effectively, entrepreneurs can shape a compelling symbolic universe that complements the initially weak and uncertain intrinsic quality of their ventures. In this respect, entrepreneurs face the twin challenges of performing skillful symbolic action (to acquire resources) and delivering substance (combining those resources to offer valuable products). No wonder so few of them can overcome these formidable hurdles to bring about the innovations that we enjoy.

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