

# Entrepreneurial narratives for resource acquisition in the Italian creative industries. A qualitative study<sup>1</sup>

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Angelo Miglietta - Stefania Romenti - Alessio Sartore

## Abstract

**Purpose of the paper:** This paper explores how narratives help creative Italian entrepreneurs attract resources.

**Methodology:** Through the integration of the current literature on entrepreneurial narratives and resource acquisition with a case study (Project *Officina Creativa*), we have developed five arguments about the use of storytelling, impression management and social networking by an Italian creative entrepreneur.

**Findings:** *Officina Creativa* conveys narrative strategies through oral stories told by entrepreneurs (by means of direct relationships) and a few basic written texts (websites and presentations). Social networking strategies and storytelling are the most used narratives. Storytelling potentialities, especially those concerning future scenarios and developments, are not fully exploited. Impression management is also fairly neglected by *Officina Creativa* and is based on the partial communication of technical competences. As a result, informative signals addressed to resource holders are quite limited.

**Research limits:** The paper adopts a qualitative research approach and it is the first step of a large-sample research project which will combine qualitative and quantitative data.

**Practical implications:** The study develops propositions about which narrative strategies can be successful for an entrepreneur in the creative fashion business. In the meantime, the paper underlines which narrative strategies are under-exploited and could be effectively applied to Italian entrepreneurial experiences.

**Originality of the paper:** The study is the first attempt to understand how entrepreneurial narrative strategies are successfully implemented in the creative Italian industry.

*Key words:* manufacturing industry; resource acquisition; creative industries; storytelling; impression management; social networking

## 1. Introduction

Creativity can be conceived as the major driver for economic growth (United Nations/UNDP/UNESCO, 2013). One way of promoting growth in the economy in the creative industries is the creation of new ventures. In order to create these new ventures, entrepreneurs need to acquire resources. In

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<sup>1</sup> In this article, the paragraph 6 has been written by Angelo Miglietta; the paragraphs 1, 2, 3 have been authored by Stefania Romenti, and the paragraphs 4, 5 have been written by Alessio Sartore.

this study, we focus on the entrepreneur's acquisition of resources for new ventures in the creative industries. Acquiring resources - both financial and human - is a challenge for entrepreneurs because new ventures lack resources and proven competences. This challenge is based on the asymmetry of information between entrepreneurs and resource holders (Shepherd, 1999). So far, research about entrepreneur's acquisition of resources examines the conditions that reduce the asymmetry. Narrative strategies are often mentioned among conditions which support entrepreneurs to acquire resources. However, management scholars do not explicitly address how and why entrepreneurs perform narratives effectively to reduce information asymmetry and help leverage chances of resource acquisition. In addition, there is no empirical research on this topic in creative Italian industries.

The objective of this paper is to offer the first conceptual and empirical test of the overarching claim that effective entrepreneurial narratives can facilitate external resource acquisition by creative Italian firms. By integrating theory on the use of narratives for resource acquisition and a case study we have developed five arguments about how narratives can help Italian creative entrepreneurs attract resources. This paper represents the first step of a large-sample research that will be conducted and based on a mixed-methodology about the use of narratives by Italian creative entrepreneurs.

This paper is organized into five sections. First, we illustrate the relationship between entrepreneurship and resource acquisition. Second, we review studies examining the use and the effectiveness of narrative approaches by entrepreneurs to acquire crucial resources and run businesses. Third, we describe the research design and our methodology. Fourth, we combine academic literature and a case study to develop the five arguments that inquire into how creative Italian entrepreneurs can use narratives to acquire resources. Finally, we draw our conclusions to discuss the findings and delineate some recommendations for future research.

## **2. Entrepreneurship and resource acquisition**

Schumpeter's definition (1934) of entrepreneurship refers to the combination of different resources in the creation of innovation in order to disaggregate economic systems and transform industries. Entrepreneurial resources can be combined as well as exchanged to basically support new ventures (Moran and Ghoshal, 1996) and nurture the longevity of the organization (Stevenson and Gumpert, 1985). That is why acquiring resources is commonly known as a vital task for an entrepreneur (Starr and McMillan, 1990). Obviously, the entrepreneur has to identify, develop, defend and use resources which give the company a competitive advantage (Amit and Shoemaker, 1993).

The process of resource acquisition comprehends a wide range of tangible and intangible resources. Resources can be primarily divided

into three groups: *financial capital* (familiar capital, venture capital, business angels, crowd funding), *social capital* and *human capital*.

*Financial capital.* Dyer and Handler (1994) state that when starting a business, the initial capital generally derives from personal and / or familiar resources. The family represents a crucial resource in the start of an organization (Chrisman *et al.*, 2002), because it helps overcome the limits of the novelty by offering contacts and the social capital that follows as well as workforce, cash, the explanation of the business routine and its processes and emotional support.

Venture capitalists (VC) are professional investors who might invest to become part of the board of the company. Wright *et al.*, (2006) demonstrate the benefit of a VC entrance in the organization by diminishing the investment risk. Additionally, Shepherd (1999) argues how a VC reduces the asymmetry of information between the entrepreneur and investors because of the deep scrutiny of the investment proposition. As opposed to the VCs, business angels (or angel investors) are informal investors who invest in fields they are familiar with. They follow a sort of entrepreneurial instinct and trust their social network (Hellman and Puri, 2000) rather than take part in any institutionally recognized group. In 2002, business angels' investment in the US increased up to 20 billion dollars and 36.000 organizations, compared to VCs, which reached 3.000 ventures (Sarasvathy and Wiltbank, 2006).

Finally, crowd funding is a phenomenon, that started around 2000 and allows one to finance startups through the economic support of private or public actors. The actors support an entrepreneurial project that is presented by the creator on dedicated online platforms (Miglietta *et al.*, 2013). Italy has been the first country to adopt a specific normative about crowd funding (d. l. June, 28 2013 n. 76, legge August, 9 2013 n. 99). The effective realization of a crowd funding project is subordinated to reaching the minimum financial support that is necessary for its start through the investor's subscription to the offer. Equity-based crowd funding (again, Italy is the first country to legally regulate it) for innovative startups ("Start Up Innovative") is not only a financial option, but also an effective tool to accelerate the organization's overcoming of the limits of the actual credit system and favor startup capitalization. The entire entrepreneurial innovative ecosystem is formed by startup incubators, universities, startup facilities, young entrepreneurial associations that have the goal of stimulating the birth and growth of new ventures through the offer of physical resources and logistic services, managerial consulting, and privileged access to financing (Boschetti *et al.*, 2003).

The conditions that investors consider as strategic, Zott *et al.*, (2007) include, for example, the founding team, financing, location, and competitive conditions, and business planning techniques.

*Human capital.* Pennings *et al.*, (1998) define human capital as all the knowledge and abilities of the organization's professional team that produce goods and services.

*Social capital* indicates the relations through which the entrepreneur finds the opportunities to use the human and financial capital. The structure of the network can determine the value of the entrepreneur's social capital and therefore the ability to act as an entrepreneur. To be effective a social

network requires some features. Granovetter (1985) argues that an effective social network includes not only strong but also weak ties because diversity of connections helps an entrepreneur's success.

In conclusion, acquiring resources is a challenge for entrepreneurs, a task that will influence the life of the organization in the future (Kimberly, 1979, p. 438). Furthermore, the value of opportunities is largely unknown prior to their exploitation (Shane, 2003) so potential investors have less information about the company than the entrepreneur. This means that in order to acquire resources an entrepreneur should narrate the company's project, business and story.

### **3. The use of entrepreneurial narratives for resource acquisition**

Narratives are subjective accounts reified as objective knowledge and acts of sense-making (Boje, 2001). Entrepreneurs make sense of their firms by telling stories and managing impressions and social networks (Mastroberardino, 2010). The concept of narrative has been developed in organizational studies as well as in social sciences (Alvesson and Karreman, 2000; Deetz, 2003). The use of narratives in organizational research does not have a long history. In the 1970s, the analysis of short stories written by managers conveyed the idea of what the organization meant to the managers. In the 1980s and 1990s narratives were used to explore the meaning of organizational experience (Hummel, 1991), i.e. that managers acquired knowledge specifically by telling stories. These stories gave them new insights into themselves, their problems and their human condition. The challenge is to develop a human science that more fully serves this aim (Mitroff and Killmann, 1978).

In an organization, "the performance of stories is a key part of members' sense making" (Boje, 1995, p. 1000) because they aid comprehension, list events in a causal order, convey shared values and meanings and "can be used to predict future organizational behavior" (Martin, 1992, p. 287).

The use of the narrative approach, as argued by Rhodes and Brown (2005), has to focus on temporal issues in organizations because "narrative involves the unfolding of a story of events and experiences over time" and "plot requires a pre-understanding of time and temporal structures" and not "a logically formulated set of principles valid at all times" (Czarniawska, 1998, p. 174).

The benefits of the use of the narrative approach are explained by the ability to capture social representation processes (feelings, images, time). The told stories are presumed to provide a holistic content that allows individuals to reflect and reconstruct their personal, historical and cultural experiences. Stories can be reshaped to promote the culture of the organization.

Narrative approaches have been used and are useful in different fields of study: from psychology to history, from literary theory to socio-linguistic. Despite each approach having different goals, narrative research always gives insights on "what life means at the moment of telling" (Riessman, 1991, p. 52).

In this paper, the narrative process will be used to examine how creative Italian entrepreneurs acquire resources. Narrative processes include the social capital approach, impression management and storytelling. The social capital approach found that entrepreneurs use their network of private and professional accounts to acquire resources and information from the market, a process that would be otherwise expensive or difficult to achieve (Witt *et al.*, 2008). In the same way, impression management scholars argue that success is supported by the signals that entrepreneurs send about their competence, for instance on affiliated firms and institutions (Stuart *et al.*, 1999; Higgins and Gulati, 2003) as well as on legitimating certification contests.

Finally, stories are effective means used by entrepreneurs to describe where they come from (the past), what they are doing (the present) and where they want to go (the future).

#### **4. Italian entrepreneurship and creative industry: sample and methodology**

Italian entrepreneurs within the creative industry are the focus of our analysis because “culture is a driver of development, led by the growth of the creative economy in general and the cultural and creative industries in particular, recognized not only for their economic value but also increasingly for their role in producing new creative ideas or technologies, and their non-monetized social benefits” (UNITED NATIONS/UNDP/UNESCO, 2013, p. 125). According to the UN report, the economy of creativity (2005) grew to 3,4% of the world trade and its export value is 424 billion dollars with an annual growth of 8,7% (2000-2005). In 2013, the United Nation Creative Economy Report focused on the gap between the northern and southern worlds that can only be counteracted by strengthening local capabilities and facilitating access to local markets at a national level.

The British Council defines (2010) creative industries as all the activities that are originated in creativity, ability and talent and have a potential for wealth and job creation through the generation and development of intellectual property. In 1998, the British Council created a map that quickly became very influential. The definition of creative economy has been used internationally. Singapore, for instance, produced a taxonomy that divides creative industries into 3 categories: art and culture, design, and media. In India, yoga and Ayurvedic medicine are part of the creative industries. The United Nations adopted the concept of creative industries and, in 2008, the UNCTAD (United Nation Conference on Trade and Development) published a report (UNITED NATIONS/UNDP/UNESCO, 2008) where it is written that the economy of creativity has become an important topic in the agenda of international economics and development and needs informed political reactions both in developed and underdeveloped countries.

The taxonomy of creative industries is found in the British Council document (2010) referring to the NESTA framework (2006), where creative industries are divided into four areas (services; content; experiences; originals) within 33 creative industry sectors.

The NESTA framework divides the industries based on the conditions of profit creation. Other models found in literature are expressed by David Throsby (2001, 2007); the Work Foundation framework (2007); David Hesmondalgh (2002) and Alan Scott (2004).

David Throsby links creativity to art. This model goes from a center to a periphery, where the center is pure creativity (art, literature, music, performing arts, visual arts) and the periphery is represented by applied arts (advertising, architecture, design, fashion), going through core cultural industries (films, museums, libraries) and broader cultural industries (publishing, sound recording, television, radio, videogames). In this model, the commodification of creativity is at the periphery. Commodification includes the process of reduction of culture to goods or services (Adorno and Horkheimer, 1946). The commodification of culture destroys the dialectic between culture and society so that culture loses its critical function because of the creation of a Consensus Factory (Chomsky and Herman, 2008). Mass media are organizations that sell a product (readers) to other organizations to gain profit. Thus, the industry of culture is based on profit and, as a result, it is founded on obedience so that the production of consensus intertwines with the consumers' desires. The commodification of creativity is the production and reproduction of creative objects to be introduced on the market. Throsby (2001, 2007) marginalizes these products at the end of the model.

The Work Foundation (WF) (2007) proposes an economic evolution to Throsby's concentric model. The hierarchy is no longer based on pure / applied creativity but on values of expressivity, described as any creative dimension that enhances cultural meaning and its comprehension. The concentric model goes from a center, the original creative product, to the cultural industries that commercialized the product, to the creative industries that use expressivity to give a function to the product, and to the rest of the economy, which uses creative inputs for the creation of products.

In 2002, Hesmondalgh conceptualized a model for creative industries where the arts are peripheral because they use semi-industrial or non-industrial methods. O'Connor (2004) notes that this vision does not consider an area with high prestige and great public investment like the arts into consideration. For Alan Scott (2004), the production of cultural commodities is divided in public and private. Public commodities are divided between consumers with direct and indirect experience. Producers range between those who offer a cultural service (like information) and those who offer a product. Despite the frameworks and the attempt to find a definition of the British Council, 'creative industries' as a term still doesn't have a common meaning. Howkins (2001) rather refers to "creative economies" and Florida (2002) created the term "creative class" to indicate the specific human capital that is at the basis of the USA's economic growth in post-industrial cities. Florida divides the workers of the creative class into two groups: creative professionals, i.e. workers who are completely involved in creativity, and the super creative core made up of highly qualified knowledge workers. These kinds of creative and innovative jobs and workers are urbanizing in some specific cities

Not only in the US and in the new economy of knowledge, the innovation capitals tend to become stronger and the periphery weaker (Gambardella, 2014). This is the economic landscape where startup entrepreneurs work and innovate.

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Stefania Romenti  
Alessio Sartore  
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### *Italian entrepreneurs in creative industries*

The economic landscape where startup entrepreneurs work has been identified by a taxonomy of Italian cultural industries (Symbola, 2011) that has divided the industries into three main categories: (i) creative (design and fashion, architecture, advertising and communication, crafts); (ii) cultural (cinema, tv, radio; film and video; animation; videogames; music; publishing); and (iii) core of the arts (visual arts, performing arts, heritage).

In recent years, studies on resource acquisition for enterprises have focused more on high tech firms (Witt *et al.*, 2008; Needgaard and Madsen, 2004; Vohora *et al.*, 2004; Martens *et al.*, 2007) rather than creative ones. This paper will analyze an Italian case study on fashion in order to explore the ways through which entrepreneurs use narratives to acquire resources, both financial and human.

Officina Creativa was established in 1999 as a Style Office and experienced an exponential growth from 2007 onwards (the initial € 300.000 turnover has reached € 4M today). Their complete offer includes design and production. Officina Creativa is a b2b manufacturing company specialized in denim that has worked for brands such as Armani and Bottega Veneta. They focus mainly on product research rather than communication. Matteo Lavezzo has practically followed in his parents' footsteps. In fact, they had a b2b sewing company with 300 workers, which closed at the end of the 80s.

In this research, a narrative approach will be used because narrative research "provides a methodological position through which to engage not with a presumed neutral 'real' world, but with the complex nuances of the 'lived' world" (Rhodes and Brown, 2005) and it recognizes that "all behavior is historical (...) and takes place over time in particular contexts" (Zald, 1996, p. 256). We accept the suggestion of Rhodes and Brown (2005) on continuing research by using a narrative approach that "accepts ambiguity" because "narrative can provide a different, and valuable, form of knowledge that enables researchers to engage with the lived realities of organizational life - the 'truth' that people at work live through every day". Thus, storytelling, impression management and social network management will be treated as narratives: entrepreneurs need resources and they tell stories, manage their impressions and manage their social networks.

Data has been gathered through many different forms of narratives, such as through interviews that are the primary form of data collection, but also through observations, documents, pictures and written texts. The analysis of written texts will be based on "minimal narratives" (Czarniawska, 1998, p. 17), like brochures, websites, product packaging; "fuller narratives", for instance include IPO prospectuses, annual reports and business plans; "small narratives" (Hjorth and Steyaert, 2004, p. 4), consists of spontaneous stories, chats with colleagues or customers; finally, "scripted narratives" are used in meetings with investors, media, venture capitalists and more in general with

sources of financial resources. As for “scripted narratives”, an in-depth interview with the entrepreneur, Matteo Lavezzo was carried out.

As for “minimal narratives”, the entrepreneur chose to create a website where the product is never shown. He prefers to tell the story of who they are along with that of the heritage, present and future of the company. He uses a sort of narrative that is practical: “*Project Officina waves together creativity, flexibility and technical skills since 1999. A well-done product is our code of conduct. The habit of complexity guarantees newness and innovation. There are no limits to our service, we bring forth new trends*”, and evocative at the same time: “*our hand in the present, our feet in the future*”. The website is a collection of purposes. For instance, the Services webpage consists in a square of four expressive pictures titled with the plural pronoun “We”: we are; we make; we feel; we live. The minimal narratives are evocative.

As for “small narratives”, the entrepreneur uses Social Media like Facebook and Instagram. Matteo Lavezzo shows himself at work, with his family and friends, and then he finally shows the products. He prefers pictures to texts and the narrative is always informal, mixing personal with professional life. We visited the headquarter three times and discovered that smaller narratives such as small talks and chats with employees are also informal. In addition, the entrepreneur decided to dedicate half of the company’s space to co-working: freelancers of the fashion industry can use the desks of Project Officina Creativa and share their knowledge and ideas (pictures can be found in the website in the “we live” section). The small narratives are informal.

As for “fuller narratives”, the entrepreneur didn’t share a business or a marketing plan so we analyzed the 2013 and 2012 financial statements. We discovered that the percentage of investment on R&D in 2013 was 2,4% (in 2012 it was 3,1%), almost double compared to the average percentage of Italian firms: 1,25% (Istat, 2011). This data enforces the story he tells about the focus of investments in research and development.

To interpret the data we chose latent content analysis which is “an interpretive reading of the symbolism underlying the physical data [of a text]” (Berg, 2004, p. 269). To do this the authors carefully read the written materials, the transcripts of the interviews while searching for common story lines, and underlying pitches. A coding protocol was used and the interrater agreement was 72%.

## **5. The use of entrepreneurial narratives for resource acquisition: theoretical propositions and the preliminary qualitative findings**

### *Storytelling*

#### *Theoretical foundations*

An effective story communication strategy combines two elements: identity and behavior. The importance of stories as a means of disseminating an entrepreneurial identity has long been acknowledged by management scholars (O’Connor, 2004). Stories should explain a company’s identity in terms of its mission and morality and create an emotional bond with

key stakeholders who will foster their trust and support. If an entrepreneur is to use a corporate story to substantiate its identity, it needs to know that effective stories have a definite grammar which balances past achievements, current behavior and future potential. The balance among yesterday, today and tomorrow is a key aspect of a credible entrepreneurial story. In other words, “stories help individuals understand and describe who they are” (Martens *et al.*, 2007, p. 1110) at the present moment; however, ignoring past achievements in the meantime could threaten trust and confidence in entrepreneurs and their companies. Entrepreneurial stories should resonate with the values, intuition and self-interest of venture capitalists to capture their attention and establish deep roots of reputation. That’s the reason why entrepreneurs should explain how they intend to exploit new growth opportunities by giving information about the company’s future potential.

*Proposition 1. The identity conveyed through an entrepreneurial story influences resource acquisition if balances past achievements, current behaviors and future potential.*

Stories have also been identified as a feature facilitating critical reflection, an effective means of sense making and knowledge sharing. When told well, stories help venture capitalists make sense of complex situations, avoiding information overload and factual accuracy in the interest of making a point and linking concepts through a plot. Therefore, they make venture capitalists pass judgments on entrepreneurs’ actions and draw conclusions about the company’s potentialities. Effective stories provide “a rationale for the arguably irrational risks of enterprising” (Smith and Anderson, 2004, p. 127). Stories illustrate the company’s strategic plans by linking the risks and opportunities that an entrepreneurial firm is facing with the proposed means to respectively exploit and mitigate them. Martens *et al.*, (2007) propose to transform the strategic plan into story maps, where nodes are strategies and risks/opportunities. The nodes are connected if the proposed strategy is explicitly described as a means to attenuate risk or exploit opportunity. If an entrepreneurial strategic plan can be easily transformed into a story map, narratives would have powerful influence because they are more intuitive and memorable.

*Proposition 2. If an entrepreneurial story shows clear links among risks/opportunities and proposed strategies, they have a positive influence on resource acquisition.*

#### *Qualitative findings*

The fact that the company started as a style office is evoked to explain the reason for its competitive advantage. Its history is connected to the present situation (proposition 1). The company describes itself as a sort of hero-company which exists primarily to lead and demonstrate achievement and to be the best, as it is uniquely inspired by the principle of excellence.

*“At first we were a style office making collections and then we became producers. Our competitors - though there are not many of them - are manufacturing companies that survive on big brands, which had to come up with a creative department to better serve the client. But complicated productions are normal for us. We’re used to them. So we’re faster and more precise than our competitors, who are used to simpler products. That’s a big selling point for a client. Our product is a readymade commodity: the client knows that he will get a trouble-free final product. From styling to production, we offer a start-to-finish job, something that many competitors do not do”.*

The firm is not mapping the future, rather it is deeply focused on “doing well today”. Matteo Lavezzo says that he is not worried about the future. They will survive if they simply keep on being purposive and innovative. They don’t need to design complex plans but only to be as competent as ever.

I do not see a future in for my company as it is now. We started to focus more and more on the creative side of our job, so that’s where I imagine our company is headed: to invest in creativity and focus on the development of innovative propositions. So I imagine my company being very forward/innovative in these aspects in 5 years. To survive we have to keep on doing what we do now.

We therefore modified proposition 1 as follows.

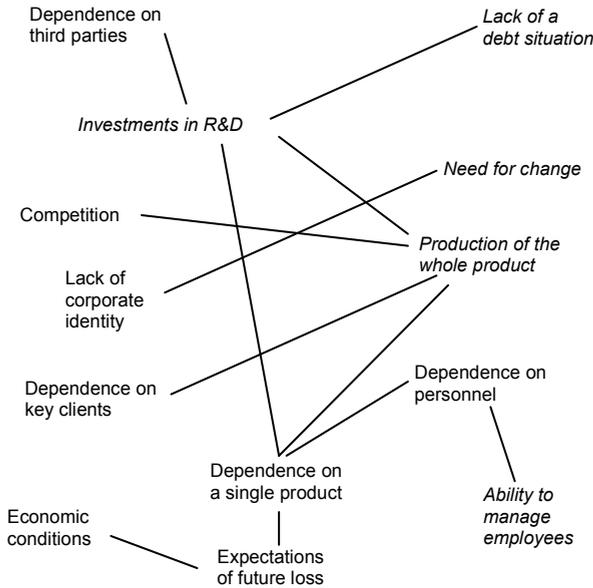
*Proposition 1bis. The identity conveyed through an entrepreneurial story influences resource acquisition if it uses past achievements to explain why current behaviors are successful and why they have future potentialities.*

The narrative plot used by Lavezzo follows the basic classic of storytelling and he mentions allies (laundry shops and two sales agents) as well as enemies (family) who discouraged and threatened the development of the company’s business.

When we started out, I met two agents here in the Veneto region. They got wind that my parents had that historical sewing company that closed at the end of the 80s, a 300 workers-strong company. I had told my parents that I would have liked to work in the clothing industry. They advised me against it because the industry was facing tough times.

We developed a story map linking Intended Strategic Actions (in italic) with Identified Risk Factors (in regular type) (Figure 1). At the beginning, the company’s production depended on third parties.

Fig. 1: the story map of *Officina Creativa*



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Source: our elaboration

Through investments in R&D, Officina Creativa can now offer the entire product to the client. Offering a wide range of one single product (denim) in one single industry (fashion) is a risk because of the company's dependence on key clients and on expert personnel, and it is something that leads to expectations of future loss. Despite the ability to manage employees, the entrepreneur has to invest in building a corporate identity to face future economic conditions.

### *Impression management* *Theoretical foundations*

Impression management can be defined as the process by which individuals try to shape and control the image of a person, a company, an event, an object in the audience's mind (Schlenker, 1980). Leary and Kowalsky (1990) argue that the multiple variables that affect impression management can be grouped into two discrete processes: impression motivation and impression construction. While impression motivation concerns the analysis of how a person is perceived by others and the attempt to regulate other people's impressions, impression construction deals with the strategic decisions of what kind of impressions one person wants to make and how to do it.

Research within the socialpsychology area sheds light on a huge variety of tactics that are used to accomplish this goal. Most tactics have been borrowed by management scholars to understand how a company can control the information that is delivered to its constituencies and enhance the chances to fulfill economic, environmental and social goals.

For instance, Jones and Pittman (1982) define a typology of impression management strategies adopted by companies: ingratiation (appearing likeable), competence (appearing intelligent), intimidation (appearing threatening), exemplification (appearing virtuous) and supplication (appearing weak). Beyond being competent, adopting cooperative, altruistic and socially responsible behaviors deeply affect audiences' impressions. As Bolino *et al.* (2002) suggest, the more a company engages in organizational citizenship behaviors, the more likely it is to be seen as a good company.

Researchers have also adopted an impression management perspective in the course of examining to what extent image concerns are salient for resource acquisition by entrepreneurs.

*Proposition 3. The more an entrepreneurial firm engages in organizational citizenship behaviors, the more likely it is to acquire resources from investors.*

*Proposition 4. The more an entrepreneurial firm communicates its competences, the more likely it is to acquire resources from investors.*

#### *Qualitative findings*

The most important aspect is not technical competence (to produce quality products) but flexibility, innovativeness and the ability to listen to clients. Written texts, such as web sites, are full of stories of trials and errors. Resilience towards threats is always mentioned as the most important competence (proposition 4).

I just tell them that we're the best. And the boldest (laughs). What I tell clients the most is that we're a start-to-finish operation. Our big advantage is that we're very flexible.

At first, we'd do everything regarding the jeans, not just drawing and research, but also production. We'd go to laundry shops, a fundamental passage for denim, learning manual operations such as scratching it by hand, sprinkling it and whitewashing it. We'd load up our car with clothes and would go to laundry shops in areas such as Treviso or Verona, but also Southern Italy. With denim, washing is essential as it does everything: you begin with dark cloth and modify it with washes, creases or patches, all by hand. We'd arrive with dark clothing samples in a bag and, inside the laundry shops, we'd study the production process. There can be up to 10 or 15 different production stages for jeans. We're lucky because we were very young and inexperienced but we wanted to learn and the owners of the laundry shops would welcome us, which is something that didn't happen with suppliers.

We thus modified proposition 4 as follows.

*Proposition 4bis. The more an entrepreneurial firm communicates that its competences are flexible and always evolving, the more it is likely to acquire resources from investors.*

We didn't find any evidence in regards to proposition 3.

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### *Social networking*

#### *Theoretical foundations*

Baron and Markman (2000) argue that social skills are important to enhance an entrepreneur's success. Social capital is the product of social skills, such as social perception, persuasion and influence, and social adaptability. Social perception is the ability that an entrepreneur has to comprehend the emotions, expectations and intentions of others. A good entrepreneur should also have the ability to change people's attitude and their behavior, find key partners and conduct negotiations.

Social adaptability is the ability to adapt to a wide range of situations to establish relationships and work with people from a different background.

*Proposition 5. The ability of finding key partners and enhancing the network of relationships influences resource acquisition.*

#### *Qualitative findings*

The firm does not invest in developing the brand's strength but, on the contrary, in becoming more and more flexible and ready to listen to clients' expectations.

This is why we do not have a brand that is stronger than the others. We're good at managing our client's needs. We sell know how, which is not made up of my abilities as an entrepreneur but from the sum of each employee's know how and the experience they built working together.

The ability to listen to the client is often mentioned. Success is based on the ability of co-creating a style with the client and of generating new ideas.

Project and Style. Two words that are the keys to our work. At the base there is always your project with which you propose a collection for a sportswear line with your trademark. And there is always a style or there will be: if it's not already yours, we'll discover it together.

We'll have our best partners work alongside you: each time we'll choose the best one to meet every need, according to their specialization and based on the characteristics of each project.

Relationships with employees are strategic. They are considered members of a big family.

There were 6 of us and now 15. What we need to remember is that companies are made up of people. In this industry companies are worth as much as the people who work in them, not the machinery they operate.

We already have interested investors but the problem is that we're 15 people, each different from one another, working together to do what we do best. This is how much the company is truly worth. When you talk about your company's worth you need to evaluate the people that work in it and

the way they work together. A potential investor would fail, even with a high budget, if he weren't able to stimulate workers.

There's no staff turnover here. The first 6 people I hired have been working with me since 1999. Six more people got in 2007 and they're still working here. In the meantime, three more people joined.

## **6. Discussion of results, limitations and future direction of research**

By combining academic literature and the case study of one of the most successful Italian creative entrepreneurs, this paper develops five arguments about how narratives help Italian creative entrepreneurs attract financial, human and social capitals. Narratives include stories, social skills and impression management strategies. In this paper we used a narrative research approach, which is focused on studying one individual (the Italian creative entrepreneur Matteo Lavezzo), gathering data from the collection of his stories and organizing the meanings that emerge from his experience. Even if we start from the literature review about entrepreneurial narratives, our approach to the case study is actually very open-minded in order to integrate theoretical arguments and adapt them to the context of *Officina Creativa*.

As storytelling literature suggests, our first argument is that stories help resource holders understand the entrepreneurial identity by linking past results and the present situation. Present success is functional to the future potentialities of the firm, but future projects and developments are not developed and mentioned in the story plot. Matteo Lavezzo mentions the uniqueness of his business to justify future developments without specifying any new direction or any further business opportunities to exploit. The entrepreneurial story is a mix of "pride and disillusion", the pride to be unique, successful and innovative and disillusion about the future, which is full of uncertainty and unpredictable. Change is the DNA of the creative business and it doesn't scare Lavezzo, who says: "I like changes. Otherwise I get bored".

The second argument is that stories are effective when helping venture capitalists link opportunities and risks with the firm's proposed means of exploitation.

We developed the story map of *Officina Creativa* and we observed that despite its great ability to manage employees, the entrepreneur has to invest in building a corporate identity to face the future economic conditions.

The third and the fourth arguments deal with impression management strategies. Impression management scholars argue that social responsibility and competence are two main key signals that entrepreneurs should direct towards their resource holders. The analyzed case study doesn't show any involvement in citizenship behaviors, but constantly signals the solidity as well as the flexibility of their technical competences. The last argument is that Italian creative entrepreneurs attract resources if they underline their key partners and how they cultivate relationships with them. Social networking is crucial. Strategic

partnerships and motivated employees are the core of any successful creative entrepreneurial business. Creative entrepreneurs also like to mention the enemies and the obstacles they face to reach their goals like in an authentic story plot where the initial situation is threatened by negative forces.

Many researchers design the limits of the use of a narrative approach by focusing on the intrinsic limit of objectivity (Polkinghorne, 1998) in the representation of the narrative, i.e. what Boje (1991) refers to as 'performance'. This performance is contextual and partial, it is a "limited portrait" (Riessman, 1993). In the case of this paper, the entrepreneur could tell a false story. Another limitation is due to the quantity of information required for research, which is difficult to organize. As for Josselson and Lieblich (1993) it consists in "how much one needs to know about someone else to feel one can understand something about them" (p. xi). Lieblich *et al.* (1998) focus on the impossibility to separate form from content. Riessman (1993) also states that narrative is "subtle, complex and difficult to interpret" and that "there is no canonical approach in interpretative work, no recipes and formulas, and different validation procedures may be better suited to some research problems than others" (p. 69). Still we argue that the qualitative data we collected through written materials, meetings and interviews show coherence in the entrepreneur's claims about investing in research and are the entrepreneur's projects for the future. If Matteo Lavezzo had hidden his future plans, we most probably would have found inconsistencies among his answers and inserted control questions to validate the consistency of his story. In addition, fuller narratives such as the company's financial statement shows that the percentage of investment in R&D (2,4%), is almost double than that of average Italian firms (1,25%). This study is the first step of a large sample research project which will focus on a sample of Italian entrepreneurial creative firms and combine qualitative research with quantitative data.

Angelo Miglietta  
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## Websites

<http://projectstyle.it/>

## Academic or professional position and contacts

### Angelo Miglietta

Full Professor of Business Management  
University IULM of Milano - Italy  
e-mail: [angelo.miglietta@iulm.it](mailto:angelo.miglietta@iulm.it)

### Stefania Romenti

Assistant professor of Corporate Communication  
University IULM of Milano - Italy  
e-mail: [stefania.romenti@iulm.it](mailto:stefania.romenti@iulm.it)

### Alessio Sartore

Phd Student in Economics, management and communication for creativity  
University IULM of Milano - Italy  
e-mail: [alessio.sartore@gmail.com](mailto:alessio.sartore@gmail.com)



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