



Paper to be presented at the  
35th DRUID Celebration Conference 2013, Barcelona, Spain, June 17-19

## **Old Problems - New Solutions: Conversion of Capitals as a Tool for Shaping the Competitive Position in the Economic Field**

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### **Abstract**

The acts and operations any social actor effectuates in each of the logically distinguished spheres of reality are conditioned by many factors, among which a reliable analysis of the strengths and weaknesses of an agent should be considered of utmost importance. The concept of capitals presented in this article divides the quantity of resources available to all acting agents into four main categories (which allows for determining private property of an agent) and emphasises the necessity of strategic planning of their conversion (which, in turn, enables to estimate the dynamics of the agent's development). These two dimensions allow agents to make relatively accurate decisions within the basic field of action, increasing the competitive potential of such agents.

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The acts and operations any social actor effectuates in each of the logically distinguished spheres of reality are conditioned by many factors, among which a reliable analysis of the strengths and weaknesses of an agent should be considered of utmost importance. The concept of capitals presented in this article divides the quantity of resources available to all acting agents into four main categories (which allows for determining private property of an agent) and emphasises the necessity of strategic planning of their conversion (which, in turn, enables to estimate the dynamics of the agent's development). These two dimensions allow agents to make relatively accurate decisions within the basic field of action, increasing the competitive potential of such agents.

JEL Codes: D21, Z13

Key words: Bourdieu, social capital, cultural capital, symbolic capital, conversion, economic field

## 1. Introduction

Every agent acting in a particular sphere of social reality is expected to carry out permanent monitoring activities concerning their current potential as well as the quantity of objectives they have attained. An effective control over one's private property and the quality of undertaken activities is a crucial factor to safeguard or improve one's competitive position not only within the economic field but also in any hierarchy that is present in every aspect of social life.

Any active agent (regardless of the level of their aggregation) adopts certain assumptions about both the reality that surrounds them and their "nature", resulting in preferred ways of perceiving the reality and their own performance. This very triad of "being", namely ontology, epistemology and methodology, clearly effects the efficiency of an agent's, anchored in the reality, acts. Therefore, what proves essential is the development and adoption of the social presence strategy, the analysis of opportunities and threats which an agent may be subject to, and the general concept of functioning in the continuously changing social conditions (broadly defined as including a variety of traits: economic, political, social, cultural, etc.).

The concept of capitals presented in the article is expected (by the authors) to serve as a theoretical (for the time being) proposition of the ontological and epistemological perspective, which can be applied by agents in the economic field (although its scope allows for using it in any sphere of reality) in order to safeguard or improve their current competitive potential, and thus to improve the effectiveness of actions taken by these agents in the economic sphere of social life. The fundamental basis of this article – particularly in terms of the terminology applied here – is the theory of the outstanding French thinker, Pierre Bourdieu, due to its compatibility with the theoretical proposals of the authors of this paper<sup>1</sup>. However, regarding specific categories that cause tension among researchers, also other scientific literature has been used to at least introduce the ongoing discussions concerning them.

The paper begins with introducing the notion of "a field" as a logically isolated sphere of social reality due to its specific rules in different aspects. The dissertation is supported with a general reflection on "capital" and its connection with the concept of "field" (or fields, when referred to the distributive understanding). Furthermore, the authors focus on more precise analyses of the very types of resources that appear in

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<sup>1</sup> All the passages that contain the authors' references to Bourdieu's theory are provided with a gloss.

various fields (with particular attention to the economic field, the most interesting one from the point of view of this article) and represent a potential form of the particular types of capital that are distinguished in the paper. The closing part presents issues related to conversions of various forms of capital and thereby a conscious creation of an agent's position in a given field, which has a direct impact on safeguarding or improving their competitive potential.

## **2. Field**

A field, similarly to other social categories, can be perceived from the scope of attributive perceptions as well as the distributive ones. The reflections on the notion of field in the attributive aspect (are going to) focus on "field in general", that is all the category characteristics which distinguish "field" from other social constructs such as social roles and social structure. The emphasis is therefore on the issues associated with and characteristic of a field. By contrast, the distributive analyses and dissertation present in the paper mean focusing on a particular field distinguished from reality, e.g. the economic, scientific, power field, etc., and the description of its specific characteristics. In such cases, the names defining specific issues are provided with additional terms to specify the exact sphere of reality (which is currently referred to), e.g. the economic field. Each of the fields meets the rules formulated at the attributive level and features a list of its characteristics (the distributive level).

The fields, as a context and the fundamental operation basis for an agent, undergo many changes due to (the influence of) the external factors (e.g. the field of power or other fields whose scopes overlap with the analysed field) as well as the internal ones, namely those agents who anchored in a specific field regard it as an objective and external reality. However, it should be stressed that the field-agent relation (when the agent is rooted in the very field) does not feature the traits of a symmetric, equivalence relation. In the spirit of Pierre Bourdieu – the major theorist of contemporary sociology and the author of field theory, what deserves the dominant position is field as a structure having the potential to impose a single and final field image and legitimated modes and approaches in this field: "a field is a patterned system of objective forces (much in the manner of a magnetic field), a relational configuration endowed with a specific gravity which it imposes on all the objects and agents which enter in it" (Bourdieu & Wacquant, 1992, p.17).

The fields are neither situated in social emptiness, nor perfectly separated from the other fields nor, in consequence, different areas of reality. Although each field consists of its own specific rules (apart from the general rules common for all the fields), it is influenced by the other fields (and their rules) and, at the same time, has the potential to affect the environment. As a result, it is impossible to define clear and unambiguous borders of the fields that constitute the social world since they are fluid and invariably movable, depending on which of the neighbouring fields becomes more important, stronger and plays a more significant role in the relation.

A field that is undoubtedly gaining more and more importance is not, paradoxically, the field of power but the economic field, which is increasingly determining the purposes and means necessary to achieve for other fields. For instance, the university field, although focused on its dominant aim, i.e. to describe and provide explanations on the human reality, needs financial resources for its proper functioning. Therefore, the struggle for funding research projects is becoming one of the most crucial actions within this field. What is more, the fundamental principle governing the field so far, indicating that “the fundamental aim of an agent anchored in the university field is to understand man and the surrounding reality”, is being dominated by a principle which states that “the fundamental aim of an agent anchored in the university field is to search for financial resources that allow for understanding man and the surrounding reality”.

A stability of relations among the fields that are perceived from the scope of distributive perception can hardly exist. The hierarchies once established are about to diminish due to the constant effort of the agents anchored in given fields who aim at improving their position or, at least, safeguarding their private property. Such effort is undertaken by all the actors within a field, since in the event of achieving its objectives, namely the improvement of the field position in the structure of the fields in reality, it will provide all those agents engaged in this field with an improved position and the opportunity to act.

Apart from “the external” struggles for dominating a field in the structure of the fields in reality, one should be aware of “internal” struggles, thus the ones undertaken by the very agents anchored in a specific field. As stated by Bourdieu, “the field as a structure of objective relations between positions of force undergirds and guides the strategies whereby the occupants of these positions seek, individually or collectively,

to safeguard or improve their position and to impose the principle of hierarchization most favorable to their own products” (Bourdieu & Wacquant, 1992, p.101).

However, agents’ struggles for domination in a specific field or their collective effort to improve the position of the field in the structure in reality do not determine the very aims themselves. This results from the fact that each field consists of a limited quantity of resources crucial to its agents’ functioning in the field. In consequence, a better position occupied by a particular actor in the internal structure of the field translates into better access to desired resources. Finally, the improvement of the position of the whole field with regard to the other ones increases significantly the attractiveness of its resources beyond its borders, which allows the agents of a particular field to achieve a more favourable exchange of their resources with the agents anchored in the structures of other fields.

### **3. Capital and its forms**

The entire wealth of resources that the competition is for in various, interpreted distributively, fields can be narrowed to the four fundamental forms of capital, which compose groups of resources that are considered a stake of struggle in a particular field. Each type of capital, namely, economic, social, cultural and symbolic (the set originally specified by Bourdieu) (Bourdieu, 1986, p.241-258; Bourdieu, 1997, p.46-58), encompassing goods of all kinds, unavoidably intersect in some places. Therefore, assigning a particular kind of resources to a specific type of capital may sometimes appear problematic or entirely impossible.

What deserves a careful consideration is the deeper meaning of the term “capital” since many sciences (including social and economic sciences) tend to perceive the idea of capital in an unambiguous and accurately defined way or, even worse, as a notion itself that does not require any further action to precise its meaning. Yet to understand the very essence of “capital”, it is worth referring to its etymology, i.e. the late-Latin term “*capitale*”, which derives from the Proto-Indo-European word “*caput*”, namely “a head” (de Soto, 2001, p.29-33). In the Middle Ages this name referred to heads of cattle (or any other livestock) yet not only as the providers of such sources like milk, fur, meat, wool or traction power, but above all, as the holders of the ability to reproduce, multiply, namely to increase the breeding number, hence to multiply capital. Consequently, the core aspect of the concept of capital should not merely be

possession of a particular kind of resources by an agent, but his/her conscious management of the intellectual property of the resources, which will result either in their growth or their cost-effective conversion into other, desired by the agent, resources. To continue, each capital (interpreted as above) is also a kind of resources, however not every resource may reach the status of “capital”. Still in other words, every resource may be regarded as capital (of a particular kind) in a potential state, yet only its intentional involvement in the development of this capital or influencing a different type of capital will mean its transformation into a material capital (of a certain kind).

### 3.1. Economic capital

The first kind of capital that has been mentioned above, i.e. ***economic capital (in the potential form), is considered to include all the types of goods (both material and immaterial) that carry some economic value (financial) and whose owner is possible to define.*** This includes both material resources such as money (in cash), real estate and movable property, and intangible assets such as money (in the form of virtual, electronic), sold patents, copyright, technology, so-called “*know-how*”, etc. It is the type of capital that is going to cause the most difficulty when assigning a resource to a particular type of capital is required. Technology, for instance, may be perceived both as an element of cultural capital (being an element of knowledge system) as well as, with an intention of its commercial dissemination, a part of economic capital (since it has a defined financial value on the market). Therefore, while matching specific goods to such theoretical categories, it is essential to remember about the main context in which specific goods are anchored and according to which the proposed assignment is carried out. The most important resources of the economic field about which the game is played between the actors are certainly the ones that carry financial value. However, special attention is to be paid to the nature of this type of capital in the context of a general definition of capital presented above: not all financial assets (for example, money in a physical or virtual form) will hold at the same time the status of capital (in its actual form). This role is reserved only for those assets that are movable, and therefore they have been intentionally assigned to the efforts expected to increase the resources or to replace them in the most favourable way with other types.

### **3.2. Social capital**

Social capital, from P. Bourdieu's perspective, differs significantly from the one introduced in the paper. In P. Bourdieu's reasoning social capital means "the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992, p.119). However, it appears that this definition is not the most accurate recognition of the essence of social capital since it is plagued by inaccuracies and, more precisely, various intersecting interpretations of the other types of capital. It results from the fact that the definition by Bourdieu refers to resources of a different nature than the economic one (i.e. economic and cultural resources), regarding them by definition as an integral part of social capital, yet pushing its very essence into the background.

Nevertheless, the lack of precision and unambiguity visible in the definition by Bourdieu is not exceptional. Having analysed many literature studies, it must be emphasised that one of the most noticeable characteristics of definitions of social capital is their infinite variety combined with an evidently overextended scope that has been assigned to it. Such traits cause immense misunderstanding in terminology, which entails further fundamental differences in the methodologies of empirical research that has been based on them. Similarly, they undermine the legitimacy of the comparisons of the results made on their basis. This ambiguity of perspectives on social capital is best illustrated by a few, the most commonly cited examples.

According to "Social Capital Initiative Working Papers", i.e. the World Bank informal paper series focusing on social capital, "social capital refers to the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded" (World Bank, 1998, p.III). Firstly, this definition extends the term of "social capital" with some components remaining undoubtedly outside the scope, namely a sphere of norms and values internalised in human beings, which at higher levels of social aggregation (e.g. organisations or institutions) is a part of cultural capital resources. Secondly, it does not focus enough on the essence of social capital, i.e. relations (of various kinds) among particular agents of social life.

A perspective similar in nature that concerns social capital is held by Robert Putnam, who claims that “social capital refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated action [...]” (Putnam, 1993, p.167). Apart from the social norms (being an element of cultural capital) mentioned in the previous definition, Putnam introduces a category of trust as an inseparable component of social capital. This again indicates that the designatum that has been applied to the analysed concept is more relevant to cultural resources rather than social ones since, as far as trust is concerned, it is a culturally determined feature (in terms of group stereotypes as well as agent-based models) and from this position does it affect the size of the network of connections which an agent is involved in.

Another significant thinker of social capital – James Coleman – defines the concept through the prism of objectives for which social capital appears to be the best conceptual tool. In this manner Coleman claims that “social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors – whether persons or corporate actors – within the structure” (Coleman, 1988, p.98). In his view, the forms of social capital include obligations, expectations and trustworthiness of certain social structures, information channels among actors, norms and effective social sanctions (Coleman, 1988, p.102-105). However, while information channels could be assigned to the forms of social capital, obligations, expectations as well as norms and social sanctions are again and more preferably the components of cultural capital.

The famous definitions on social capital presented above are certainly not exhaustive as far as the richness of diverse perspectives in the scientific literature is concerned. On the contrary, it may be stated after Michael Woolcock that the concept of social capital “risks trying to explain too much with too little” (Woolcock, 1998, p.155). Therefore, it seems advisable to construct such understanding of the discussed category that will in a relatively narrow, unambiguous and precise way outline the scope of “social capital”. ***The social capital possessed by a given agent should be regarded as all formal and informal relationships of this agent which in a structuralized way is connected with other social actors in the society.*** An additional assumption made with regard to the definition above ought to point out that

at the material level it is man, a human being, who is the one and only “medium” and “owner” of the resources included in this type of capital. Only at the symbolic, a higher level of the analyses is it reasonable to claim that also social aggregates (social groups, organisations, etc.) may demand the right to have a kind of “reality” and thus to be the agent of a variety of relations. Nevertheless, it must be emphasised again (since it was stressed when focused on economic capital) that the very fact of possessing a particular network of relations with other actors of a social life does not automatically mean recognising those assets as capital. Undoubtedly, the potential that is embedded in every relation may activate it in the form of capital (and thus improve the size of the network of relationships within the same resources or converse them into resources of a different category, i.e. economic or cultural one), yet a transition from the potential into the material level requires a conscious decision of the agent considered “the owner” of the particular resource.

### **3.3. Cultural capital**

Some fewer discrepancies may be noticed as far as “cultural capital” is concerned. Yet, it does not result from the fact that the category is perfectly and unambiguously defined within the area of science. By contrast, the situation is due to lower popularity of the category among scientists when compared to the above-mentioned social capital. What emerges from the term “cultural capital” is reality not less complex than economic or social capital. It is even indicated that the category comprises far more significant value than the two previous ones combined together, making several researchers introduce an excessive number of elements as the designata of the term.

In the most advanced deliberations, Helen Gould recognizes culture (and thus cultural capital) as a form of social capital: “when a community comes together to share cultural life, through celebration, rites and intercultural dialogue, it is enhancing its relationships, partnerships and networks – in other words, developing social capital. Conversely, when a community’s heritage, culture and values (in all their diversity) are overlooked, social capital is eroded, since it is often within these roots that the inspiration for people to act together for a common purpose can be found” (Gould, 2001, p.69–76). Such an interpretation by Gould brings back all the previous definitions of social capital that lack clearly defined borders among capitals (social

and cultural), e.g. the ones by Bourdieu or Coleman, indicating that there have still been (when applying these assumptions) immense obstacles to outline the precise and non-overlapping scopes of the discussed categories. Undoubtedly, maintaining traditions, ceremonies and customs by a society positively influences the social capital of its members (e.g., by the mere fact of making an opportunity to gather with the other members of a community). Additionally, using social capital by individuals to maintain, intensify or increase the number of relationships has a positive impact on the sense of identity, the awareness of group norms and sanctions or the sense of attachment to the heritage of their community. However, these are cases of capital conversion mentioned at the beginning of the scientific paper (the use of one resource of a kind to increase the number of other resources of a different kind) and not actions within one theoretical and symbolic sphere.

The approach that has always had an impact on science since its presentation is the concept of cultural capital by P. Bourdieu. Although this perspective is often criticized (Lamont & Fournier, 1992, p.1-18; DiMaggio, 1992, p.21-57; Bryson, 1996, p.884-899; Beisel, 1997), its powerful effect on researchers in social sciences and economics has appeared enormous. Bourdieu deliberately juxtaposed concepts which may be seemingly of various spheres of reality: “capital” from economic field and culture which can be treated either in a narrow way, and thereby as a factor characteristic of the so-called cultural field, or in a broad way – as a phenomenon that fills each of the existing fields of social reality. Thus he emphasized cumulativeness of resources of a cultural character as well as the possibility to have a conscious and deliberate impact on and through them. By this single act the French sociologist restored culture to its due central position in discussions on nonbiological “nature” of man, indicating its potential to determine forms of thinking and actions of individuals regardless of the field their awareness is driven to at a given moment.

According to Bourdieu, cultural capital is reflected in three basic subtypes: in the embodied state, which includes all skills, knowledge, talents, individual preferences (all together designated by Bourdieu as “habitus”), in the materialized (objectified) state, which consists of (in a simplified aspect) all material goods made by a human being, and in the institutionalized state, which is a derivative form of the objectified state but expanded with the elements of external, “legal” recognition of form and status (for instance, legally guaranteed value of academically sanctioned

qualifications) . Every individual is a holder of a unique, specific set of cultural resources as well as some characteristics common with the individuals close to him in a given social structure.

For the purpose of the paper, it is crucial to state that ***the notion of “cultural capital” refers to all the information, skills, experience and material objects that remain accessible to an agent due to ownership (objectified in a form of, for instance, books, buildings, musical instruments, etc.) and/or their internalized form (in a non-material form, e.g. knowledge, social norms, music, etc.).*** Certainly, there are also such creations that draw from both forms of social capital, such as education, which basically consists of knowledge and/or skills acquired by a given agent (a non-material element) and a formal document certifying completion of a particular stage of education (a material element).

At this stage of the discussion it is reasonable to refer to the notion of economic capital and an issue resulted from the study, namely the difficulties in obtaining an unambiguous assignment of a specific resource either to economic or cultural capital. It means that while social capital includes resources of a totally different character than the other forms of capital, the resources of economic and cultural capitals concern in majority goods of the same character. Thus the fundamental distinction between economic and cultural capital does not reside in the separation of the resource types they refer to but in the different lenses a certain good is perceived through. For instance, a building of a court may function as a combination of capitals of various kinds, depending on an individual’s consciousness that analyses the reality: when analysed by the court witness, the processes of perception focus on judgment and interpretations within the cultural scope (a place where judgement on behaviour is performed in accordance with the law and morals of a given society). Yet, if analyses are to be done by an estate agent responsible for selling a property managed by the court, his/her lens of perception will concern the economic values of the building, i.e. estimating the estate value and arranging the sale strategy (although the latter also includes cultural capital in its non-material form, namely professional knowledge that is required to price the real estate and prepare the strategy, as well as its material form: the agent must hold a proper certificate to perform his/her tasks legally). To conclude, it can be clearly indicated that while analysing capitals it is

essential to be aware of what “glasses” one is or should be wearing to consider every particular resource.

### **3.4. Symbolic capital**

The last-but-not-least capital discussed in the paper is symbolic capital. Although the form presents ample definitions and explanations, it has not won many enthusiasts either in social sciences or economics. The most probable reason for the situation seems to be a fake impression made by the majority of the scientific world that the three discussed-above types of resources and capitals fully describe and explain the social reality. The belief seems to be additionally supported by the fact that even Bourdieu himself paid *sensu stricto* little attention to symbolic capital in his writings. In the fundamental “The Forms of Capital” one can only find a mention on the notion, which indicates that “Symbolic capital – that is to say, capital – in whatever form - insofar as it is represented, i.e. apprehended symbolically, in a relationship of knowledge or, more precisely, of misrecognition and recognition, presupposes the intervention of the habitus, as a socially constituted cognitive capacity” (Bourdieu, 1997, p.56). Furthermore, according to this definition, any of the forms of capital discussed so far may, under certain conditions, be changed (converted) into symbolic capital. However, what is essential is the recognition of a particular form of capital as the most valuable in the field, a recognition that has been anchored in habitus (i.e. internalized norms, dispositions, knowledge characteristic of a certain place of a social structure) of individuals engaged in it. A clearer interpretation made by the French sociologist can be found in “Pascalian Meditations”: “Every kind of capital (economic, cultural, social) tends (to different degrees) to function as symbolic capital (so that it might be better to speak, in rigorous terms, of the symbolic effects of capital) when it obtains an explicit or practical recognition, that of a habitus structured according to the very structures of the space in which it has been engendered” (Bourdieu, 2000, p.242). Thus apart from its own characteristic potential, each capital has the power of a symbolic influence on a field and its agents. As far as Bourdieu’s theory is concerned, it is based, yet in a major part not directly (for instance, by means of “symbolic violence”), on symbolic capital and, more precisely, on the symbolic “inside” and “outside” in the social structure which enable individuals to distinguish them from one another, build (and

reconstruct) hierarchies, and thus reproduce (with varying degrees of success) the social structure they find themselves in.

It seems, however, that from the perspective of the issue discussed in the paper it would be more preferable to apply such an understanding of “symbolic capital” that in the framework of its definition it assigns resources of a different form rather than economic, social or cultural ones so as not to unnecessarily multiply various perspectives on resources of the same kind. The solution appears far more justified due to the actual existence of some kind of resources not taken into account so far in the theoretical analysis becoming an obvious fact.

***Symbolic capital should be considered as the social recognition – prestige, status or esteem that an agent has achieved among other agents due to his/her own real or created image. Such an image consists of creations of an agent’s past activities, the scope of his/her activities performed currently and the ones anticipated by an observer with regard to the agent’s future scopes of activities.*** The resources that are the components of symbolic capital are the most prone to manipulation (in comparison with the other capitals), which means that the observer’s opinion is created not only on the basis of the capital resources she/he objectively holds and uses (since such knowledge is most often inaccessible to her/him), yet mainly on the basis of their own subjective impressions concerning particular resources and the ways of their application by the agent of the field.

Similarly to the three previous forms of capital, also symbolic resources are not automatically converted into capital since they require that a specified agent undertake certain actions aimed at the increase of these resources or their transformation into another type of resources (conversion). The very fact of “possessing” a good reputation in the market by a company does not translate in any way to its success – to achieve it, it is crucial to capitalize on the reputation of the company to increase its sales, negotiate more favorable contracts with the suppliers, obtain more creative, prospective employees, or even enhance its image with such elements as “a company friendly to the environment”, “a firm friendly to mothers and families”, “the patron of sport”, etc.

#### **4. Cross-field capital conversion**

Each of the forms of capital analyzed so far deeply and comprehensively describes all the resources that may be a stake of struggle in a particular field. Rarely, however, does such a competition concern or is aimed at increasing resources of only one type of capital. In consequence, it would decisively narrow the variety of opportunities of the performing agents. The essence of functioning in any field means adopting a strategy of a profitable conversion of capital, namely using one form of capital resources so that it will lead either to an increase in the quantity of the resources owned by the acting agent (this process may be later referred to as investment) or to a conversion of these resources into resources (capital) of another type (i.e. conversion). A professional and fully aware management of the resources and capitals held by an agent is by far one of the most important factors in building a competitive advantage among agents of the economic field (however, in practice this principle applies to all types of the fields due to some attributive, as mentioned earlier, characteristics of a field). Every actor actively engaged in a field aims at improving (or, at least, safeguarding) their position in the structure of the field using all available resources. The hierarchies of the capitals that are the most desired within a field as well as the “exchange rate” of the resources of one type into another vary depending on the field (interpreted distributively).

Analyzing specifically the conversion of capital in the economic field, it should be noted that the capital (and thus a resource) most desired by the participants of the game is economic capital – the essence, the binder and at the same time “the ointment” of the economically perceived reality. The economic field has been distinguished (or has emerged itself) from among many other fields (in the distributive sense) to organize activities related to the acquisition, ownership (property) and the resource sale (or resource rights) of an economic nature, allowing its agents to formulate the rules, norms and laws governing this scope of reality and distinguish it from the other spheres of life.

Nevertheless, it would be wrong to suppose that the sphere of economics and economic life is so peculiar and self-contained that only economic factors are suffice to describe and explain the events or activities taking place in it. Economic knowledge based only on such specific factors quickly reached its “growth limits” and its potential has failed to provide both researchers and particular actual participants of the sphere of economics and economy with a full understanding of the phenomena

occurring in it, and therefore could not serve as the basis for planning effective actions in the future, which, indeed, effective economics is expected to be based on. What proved to be the fundamental drawback to such assumptions was the isolation of the field from the agents that actually create it: knowledge of the very market mechanisms for products and services prices or the rules shaping supply and demand does not justify abstracting from the only really existing and acting agents, i.e. people. It is man (or their symbolic, collective representation in a form of a company) who finally becomes the producer, the purchaser, the holder (owner), the marketer and the consumer of goods and services that are the resources of economic field. Not surprising is then the lack or scarcity of the positive economic effects in actions that are based only on factors of economic nature, while ignoring the significance of the most important and the most unpredictable factor, i.e. an active individual or an aggregate of individuals in a form of social groups and organizations.

Maximising economic resources (economic capital) in the economic field (which mainly concerns companies operating either independently or as a part of an agent of a higher level of aggregation) is performed in many different ways. However, selecting the proper way of acting in the economic field should always be preceded by an analysis of the benefits and drawbacks of an agent acting in the field with a particular emphasis on their place in the hierarchy (structure) within the field (which determines the “exchange rate” of various types of capital) and the potential of capital, namely “the property” of different types of resources (potential capital resources). This will allow for a development of an effective strategy for using a particular capital to attain established targets.

Analysing briefly various investment opportunities or a conversion of certain forms of capital to its other variations, the focus should be primarily on the activities that result in the increase in the number of resources of economic nature – potentially transferable into economic capital. The specificity of the issues discussed in the paper concerns, as mentioned in the previous paragraph, such a form of capital which is the most valuable in a particular field. As far as the economic field is concerned, which is the natural environment for economic agents at different levels of aggregation, it is economic good as the resource (thus potentially capital) that carries the utmost value.

Although the use of resources of economic nature to increase economic capital is not a conversion (i.e. converting one form of capital into a capital of another form), it carries an immense potential for achieving the intended purpose. This simply means using funds so that they can (under certain conditions) bring not only their return, but also generate a surplus value. In economics, such an action is known as “investment”<sup>2</sup> and is one of the most frequently applied strategies in the economic field.

Converting social capital into economic capital is primarily connected with the network of relations an agent is involved in and, more precisely, with the fact that any contact (agent) representing a node of the network can be “stimulated” to act, the effect of which will be a larger number of economic resources (potentially convertible into the capital of the same kind). This may take the form of a loan request to a friend, an official loan application to a bank or an indirect form, namely when obtaining information on an outstanding but out-of-work employee candidate whose employment brings an economic agent hope for new energy, inspiration, knowledge, and thus will result in increasing the agent’s potential to generate additional income.

The conversion of cultural capital to economic capital takes place in three areas, highlighted earlier when discussing the concept of “cultural capital”: in its objectified, embodied and institutionalized form. In a general view, the mechanism of converting cultural capital in its objectified form into economic capital is based on the sale or a pledge of a certain material good and thereby obtaining a satisfying growth in the selling agent’s own economic/financial resources. As far as the embodied form of cultural capital is concerned, it comprises such aspects (among others) of an individual as creativity, openness to innovation, problem solving efficiency (e.g. in an intellectual aspect), which applied in practise are likely to result in an agent’s higher income, more favourable employment contract, more profit, etc. Furthermore, obtaining legitimacy for some elements of embodied cultural capital, and thus forging them into institutionalised cultural capital, is often essential to enable an agent involved in the reality of different fields to improve their position in the structure of these fields, including, among others, their resource property of a financial nature, i.e. potential economic capital.

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<sup>2</sup> “[...]investment is putting money into something with the expectation of gain, that upon thorough analysis, has a high degree of security for the principal amount, as well as security of return, within an expected period of time” (Graham& Dodd, 1951)

The use of symbolic capital to expand the quantity of financial resources, thereby potential economic capital, is based primarily on the increased demand for goods and/or services of a specific economic agent, which is induced by the agent to obtain the status of the organization (the individual) as a trustworthy one, of high reputation, with a widely-known brand name, etc. A greater interest focused on a particular agent in the economic field mostly results in a more frequent choice of the agent from among other competitors acting in the economic field as well as in the increase in their financial resources, i.e. potential economic capital. However, due to the fact that symbolic capital is connected with soft resources or even with a merely pretense of possessing them, also the rate of return in the form of economic capital gain cannot be the highest. Consequently, the conversion of symbolic capital to economic capital is treated, in most cases, as a supplement to the broader strategy an agent has adopted to affect a certain field and the objects and subjects (including various agents) placed in it rather than as an independent and the only way to increase the agent's financial resources.

## **5. Summary**

It is difficult, if not impossible, to determine which of the existing strategies of thinking, learning, and "being" in the world could be considered the most effective for an agent anchored in the economic field. Therefore, a conclusion arises: since neither of the concepts functioning so far guarantees a fully accurate, "non-collision" acting in the social world, it is still worth making effort to construct one, at least relatively accurate, and introduce it to practice (first in the form of empirical studies confirming its validity, and later as an objectified tool used independently by acting agents). It would allow individuals, various social groups, organisations and institutions for structuralized and consistent knowledge of their own strengths and weaknesses, and thus for conscious and rational planning of activities, as well as the choice of objectives and resources, all the most appropriate for the agents' potential. Such a situation would undoubtedly have a positive impact on the competitive potential of each agent.

The above theoretical proposition of diagnosing economic agents at different levels of aggregation, both from the static perspective (in terms of possession) and the dynamic one (the conversion of capitals), seems to deserve a further theoretical

development and extension in terms of methodological issues, allowing for the verification and the use of the concept in practice. The strong point of the approach is undoubtedly the creation of a coherent conceptual apparatus that allows without much difficulty for “passing through” the layers of the static description of private property and the dynamic analysis of the changes in the structure of resources owned by agents. What mostly contributed to the fact was the term “capital”, which partially reconceptualized, relatively accurately reflects the two sides of the same coin. Thus the point that still requires much further work is, according to the authors, the operationalization of the theoretical categories constructed within this approach (starting with the simplest possible form: a list of potential indicators for the referenced concepts). However, this does not imply considering the conceptualization phase to be completed. It is essential to “arm” the theoretical concept of practical tools in order to be able to fairly and objectively know its limitations and weaknesses, and thus, in the course of further research, to redefine and re-submit for discussion and evaluation.

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