

# Institutional Field in the Republic of Croatia: Perspective of Entrepreneurs Pertaining to Computer Programming Activities

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**Abstract.** *The aim of this paper is presentation of results of qualitative research oriented on attitudes of entrepreneurs on the structure of institutional field of Republic of Croatia based on the application of the Bourdieu's concept of the „field“ (Bourdieu & Wacquant, 1992). Empirical data has been collected by conduction of in-depth interviews with 28 Croatian entrepreneurs registered in the activities of computer programming. The results of the research suggest that most of respondents comprehend institutional field as restraining factor in relation to fair fight within the entrepreneurial field. Most common features allocated to institutions by entrepreneurs encompass non-flexibility, slackness, passiveness, over standardization, not understanding the logic of the entrepreneurial field. All of these features together contribute to entrepreneurial emotions related to mistrust, antagonism, fear, uncertainty and disappointment with Croatian institutions.*

**Keywords.** Institutional field, Bourdieu's theory of practice, computer programming

## 1 Introduction

The activity of computer programming, consultancy and related activities (J62.0: NKD 2007.) may be considered as the „mover“ of Croatian industry based on criteria of export orientation, employment capacity and income before taxes, interest and amortization (Republic Croatia, 2014a). Besides being one of rare sectors in Croatia that has had growth of gross added value and employment in period of highest economic recession, its significance is further on corroborated by projections of distinctly propulsive future due to the fact that activity of computer programming is currently in the growth phase within the life cycle of Croatian sector of professional and business services<sup>1</sup>.

Its contribution to Croatian employment is showing a continuous upward trend, while profitability measured by gross profit margin is above average and indicates convergence to European Union average and growth rates above total Croatian economy growth in upcoming period (Republic Croatia, 2014a; Republic Croatia, 2014b). Although expectations related to future trends are highly optimistic, the intensity of their realization is hard to estimate due to the fact that it is dependent not only of market conditions and individual company factors, but also of factors related to national and local entrepreneurial surrounding. Generally speaking, entrepreneurial surrounding (no matter whether it is restrictive or seminal) presents an important aspect of realization success in all phases of entrepreneurial activity, from opportunity perception, entrepreneurial intent birth and undertaking the entrepreneurial project to management of survival process and company growth. Institutional context decomposed of macroeconomic policies, programs oriented towards entrepreneurship stimulation, physical entrepreneurial infrastructure and entrepreneurial supporting institutions is determining the level of availability and quality of entrepreneurial surrounding (Singer et al., 2016). According to recent findings of Global Entrepreneurship Monitor (GEM) Croatia cannot be satisfied with its institutional context. According to GEM data for 2016 the quality of total entrepreneurial surrounding is still significantly deteriorating when compared to the average of 21 European Union members included in the GEM project. One of Croatian especially unsatisfying results lies in the field of institutional segments of entrepreneurial surrounding, especially the ones related to government policies oriented on entrepreneurship support, regulatory framework functioning and government programs for entrepreneurs. Croatian grades in the mentioned segments of institutional context are far below

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<sup>1</sup> According to the Croatian Financial Agency data, Croatian enterprises in the activity of computer programming, consultancy

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and related activities have increased number of employees by 9,9%, profit by 3,7% and export by 19,9% in 2014 when compared to 2013 (Financial Agency, 2016).

satisfying what makes Croatia one of the lowest positioned European Union members. Critical areas, besides government policies and programs, also include the quality of commercial and business infrastructure and the level of administrative barriers as an indicator of market openness. Also the multiyear continuity in adversity of indicators related to efficiency of entrepreneurial ecosystem (especially segment related to government policies and programs) implies the question of responsibility for “not-doing” and indicates longevity of lost entrepreneurial chances (Singer et al., 2017).

The aim of this paper is presentation of features of the institutional segment of entrepreneurial surrounding from the perspective of entrepreneurs that operate in the activity of computer programming by holding the premise that in-depth qualitative research of entrepreneurial surrounding from different point of views of included actors may offer a rich situational diagnosis and contribute to preciseness in identification of important action areas. To be more precise, presented are the results of qualitative research that questioned entrepreneurial attitudes about the structure of Croatian institutional field by using Bourdieu’s concept of the “field” (Bourdieu & Wacquant, 1992).

## 2 Conceptualizing the institutional field

From perspective of Bourdieu’s sociology *field* is “a relatively autonomous sociological micro space, that is a space of objective relationships as a place of special and irreducible logic and necessity in comparison to other fields” (Bourdieu & Wacquant, 1992, p. 97). It is a dynamic play arena of its kind, the front of demolishing actors that are fighting for power featured by valuable resources (Forson et al., 2014; Fanuko, 2008). Actors are entering the field and actively playing by producing, exchanging and spending different types of resources due to belief that there is profitability of roles. The play in the field is led by desire to acquire monopoly over resources that are especially valuable in a particular field, but also by the attempt to impose its own definition of “valuable”. Hence actors in the field are actually fighting for valuable resources, but also for its legitimacy. Play in the field exists as long as there is *illusio* – the belief of actors that the field is legitimate and that the play is worth playing (Fanuko, 2008; Swartz, 1997). Illusio of the field is actually tacit entrance compensation that field imposes to its actors and it can be considered as a set of standards and rules of world view that is common for all actors within the field (Tatli et al., 2014).

Besides competing over valuable resources, the field also connotes the logic of hierarchy. Different power distributions are producing objective

membership of already established and newcomers, regnants and subregnant actors, by supposing that each of them is accepting the existing, formally treated or tacit standards and rules (Kalanj, 2002; Fanuko, 2008; Forson et al., 2014; Tatli et al., 2014). Standards and rules, although robust, are not unchangeable in their nature. Constant measurement of strengths may result with change in positions between different actors across power matrices with time. This implies that the play is then led by new regnants who are imposing their own standards and rules by demolishing current and building new logic of the field. This way field is modified (Bourdieu & Wacquant, 1992; Özbilgin & Tatli, 2011).

There are as many fields as there are interests. Some of the fields include cultural, academic, scientific or business field according to Fanuko (2008). Certain fields are better marked when compared to others and all are in hierarchical relationship. Bourdieu (1985) is comparing strengths of the art field and the business field by accenting that the latter has the tendency to be more powerful.

Being a symbol of structured space of positions, field is a concept that implies the analysis of scientific phenomena on the level of structure within relational continuum actor-structure. Therefore, the applicability of the concept is recognized in entrepreneurship research, especially in contextual analysis of entrepreneurial activity. In this sense field is suitable for operationalization in research of (regulatory, public and sectoral) framework in which entrepreneurial activity is taking place, structural positioning of key players that are influencing the shape of entrepreneurial context and research of entrepreneurial surrounding on reproduction and modification of entrepreneurial field (Tatli et al., 2014). Spigel (2013) is using the concept of the field in context of researching influence of regional culture on entrepreneurial practice and concludes that they are not solely the consequence of play in the entrepreneurial field but the result of mixing logic of multiple fields in which entrepreneurs are included. In this paper conceptual basis is in Bourdieu’s theory and the aim is to understand the logic of the *institutional field*<sup>2</sup> of Croatian entrepreneurs in the activity computer programming and according to this aim following research questions are formulated:

1. *What features are entrepreneurs from the activity computer programming attaching to logic of institutional field in the Republic of Croatia?*
2. *How is perception of institutional field logic influencing entrepreneurial attitudes about opportunities and limitations that institutional field is imposing to their entrepreneurial activity?*

<sup>2</sup> In the context of this research institutional field encompasses social space decomposed of relations between different actors responsible for shaping and operationally achieving regulatory framework within entrepreneurial activity in Republic of Croatia is being taken off.

### 3 Methodology

In order to research the proposed questions a methodological framework based on qualitative research approach is used. Generative data is collected by conducting in-depth interviews with 28 entrepreneurs chosen from previously defined research population<sup>3</sup>. The selection of participants in the sample was conducted on the mixed purposeful sampling principle (Patton, 2002) and interviews with entrepreneurs were conducted by person, mostly at the business location of the company. Final sample of participants encompasses entrepreneurs from six municipalities in different regional parts of Republic of Croatia. Before starting the interview, interviewees were given ethics declarations about using the data collected in the field research and every interview has been recorded by audio recorder. After making the transcripts, manual analysis of data has been conducted and it included editing the empirical database, determining the coding unit, conducting the open coding process, defining relevant terms and identifying categories and formulating relationship model between categories (Kletečki Radović & Kregar Orešković, 2005, according to Mesec, 1998). Open coding is analytic process of data categorization in which data is fragmented in smaller units in order to determine similarities and differences in the dataset (Halmi, 2005). This is the most often used qualitative analytics method in which codes represent “heuristic tools” that are enabling reconsideration about data by using new and different approaches (Graneheim & Lundman, 2004). After having modelled the open codes, second step in qualitative analysis has been conducted: embedding related terms in categories and organizing terms according to the abstractness level. Table 1 illustrates a coding excerpt. For the need of this analysis categorization of data has been conducted on four levels of abstractness.

### 4 Results

According to Fig. 1 the analysis of qualitative data has resulted in identification of 15 subcategories grouped into 3 middle categories: “*illusio* of institutional field”, “reflection on entrepreneurs’ emotions” and “influence of political forces”.

The category *illusio* of institutional field represents perceptions of our interviewees related to the structure of institutional framework within entrepreneurial activity in Croatia is being set. According to related subcategories, the logic of institutional field that is featured by **non-flexibility, slackness and passiveness** and **over**

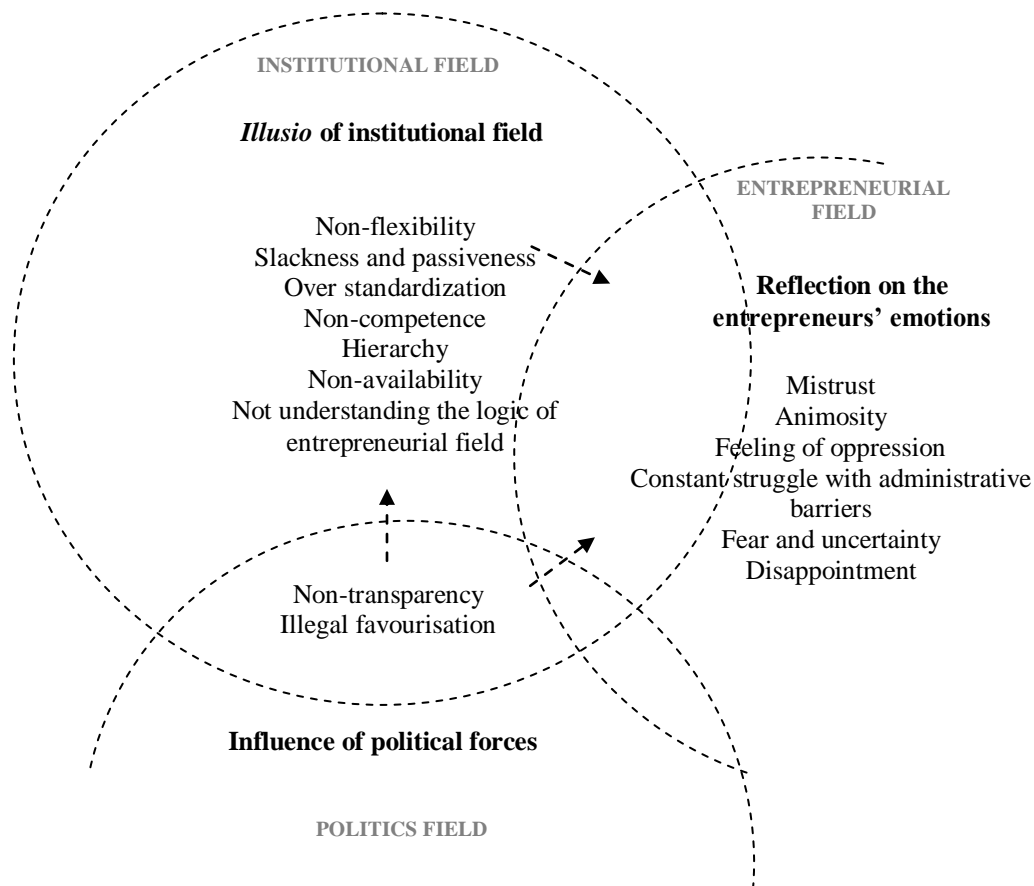
**standardization**, is not comprehensible to market oriented agile entrepreneurial habitus. For instance, all the interviewed entrepreneurs are facing administrative barriers in relation to the institutional field actors, where they are especially revolted towards bureaucracy and slackness of local and national institutions. At the same time, entrepreneurs that have experience on the global market have the tendency to compare domicile institutional field with the ones in the other countries and they are noticing significant Croatian retrogression as for processes regarding easing institutional flexibility. Passiveness and slackness are especially seen through slowness of institutions when it comes to following contemporary trends of integrated public sector informatisation which, in pair with the need for physical attendance to certain institutions, increases the feeling of constant struggle with administrative barriers. Although this problem is mentioned by most of the interviewees, an illustrative example is statement of the interviewee I8: *...today we are „like“ connected in the net. There’s e-citizenship, e-services, but these services are, like, not connected one to another. If I went to Croatian Employment Bureau that is connected to the Pension system, then they should be able to see that I have, for instance, submitted request to register an employee, and not that I have to go to the Pension, go and print the request and bring it back to the Employment Bureau. We’re back to nowhere... (I8).*

The source of slackness and passiveness of institutional field is seen also through **non-competence** of public institutions’ employees by a significant number of interviewees and also by absence of their motivation towards adoption of contemporary IT skills according to interviewee I28 (*...and the take out from the Commercial Court, not older than six months. Do you know how this is done in Croatia? You have to write a request and send it to a certain fax machine number. I ask: Do you have an e-mail? No. Send it on the fax machine. Where do I find a fax? Who is still using this?... (I28)).*

<sup>3</sup> Research population is composed of directors or management board presidents of active companies registered in the Republic of Croatia whose main activity is computer programming, consultancy and related activities (NKD 2007: J62.0).

**Table 1.** Excerpt from open coding and grouping codes into categories

Interview excerpt	Open codes	Subcategories	Categories
[Institutions]...are hardening. This means they are creating uncertainty. Creating the feeling of entrepreneurship criminalization because you must be aware... There are so many rules and common things that every entrepreneur that wishes the best, is every day in breach because, you know, we are coming to that. Should the building have a lightning rod or not? Should it have... You know, how many fire machines on how many meters? So every entrepreneur is always in this kind of psychosis that if some inspector comes he can always find that some paper is missing and it should have been there. Erm, and this is simply impossible to follow. Literally, it is physically impossible to follow that you are doing everything by the law, even if you have absolutely every intention of doing it. (Interviewee I4)	<ul style="list-style-type: none"> <li>- Institutional field as a hinder of entrepreneurial activity</li> <li>- Feeling of uncertainty due to constant regulatory changes</li> <li>- Fear from inspection</li> <li>- The inability to track regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>- The feeling of oppression</li> <li>- Fear and uncertainty</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Reflection on entrepreneurs emotions</b></li> </ul>



**Figure 1.** Relationship model between identified categories and related subcategories

Besides already mentioned, one of the features that is often associated with the institutional field by our interviewees is rigid **hierarchy**. Usually when contacting employees within institutional field entrepreneurs are reaching to instances set on lower levels of hierarchical structure. They have no authorization to decide on matters that are overcoming the operational level and are therefore not able to help entrepreneurs solve significant problem. According to interviewee I17, this sort of hierarchy hardens the communication and makes a feeling of **unavailability** of institutions to the ones they are made for (*...regulator has its own IT service that is very distant and we simply have no contact with them because we cannot reach them ...*(I17)). Interviewees have also stated that there is a slow reaction (operational and other types) on queries in communication with the actors from institutional field, multiple responsibility avoidance and ambiguous feedback.

The described structure of the institutional field is creating a distance from entrepreneurs and it is therefore not surprising that significant number of interviewees state that institutional field actors do **not understand the logic of entrepreneurship**, especially in the context of regulations that are not in compliance with realistic business environment and conditions and that they are ignoring specific needs of micro and small business entities. The latter is recognized by entrepreneurs in too strong orientation of programs and entrepreneurship activity incentives towards large business entities, where the example of Croatian Chamber of Economy and amenable Ministry is often alleged related to non-return incentives for entrepreneurs.

Further on, the category **influence of political forces** represents perceived features of institutional field that interviewees are relating to influence of the politics field on the logic of institutional field and includes two subcategories: **non-transparency** and **illegal favourisation**. These features are especially recognized in the processes of application for non-return incentives where, according to statements of some entrepreneurs, criteria related to political fitness and relationships overbears the formal criteria of project evaluation. According to interviewee I9, relationships on higher level of political hierarchy are stronger guarantee that individual goals will be achieved (*...politically, yes... purely politically. ... either local or directly related to some centerline. It usually comes from Zagreb. Here it is when we're being direct...*(I9)). Non-transparency and illegal favourisation are also recognized in public procurement processes by interviewees which, from their point of view, results in artificial distortion of fair fight within the entrepreneurial field.

The logic of the institutional field presented by the first two categories is being reflected on attitudes and feelings of interviewees towards national, regional and local institutions synthesized in the category

**reflection on the entrepreneurs' emotions**. According to identified subcategories related to individual actors, i.e. institutions from institutional field, interviewees are showing **mistrust, animosity** and **a feeling of oppression**. Most interviewees do not believe that their contact or cooperation with institutions will have a positive result and they feel that institutional actors do not understand (nor want to understand) their problems and therefore perceive them as enemies that primarily have repressive instead of advisory function. These feelings are especially strong in cases when interviewees were penalized by the institutions, such as interviewee I5 who states: *...We didn't have assessment of... what's it called...of danger on the workplace, like we as an IT firm should have this. Firstly, I didn't know I should have it, I was uninformed; secondly, when I collected all that was necessary and came to the inspector and said... here, it's okay now, she rudely said to me that we'll never be okay and that she'll always find something ....* (I5)).

Further on, the result of the perception of over-standardization, slackness and non-flexibility of the institutional field is the feeling of **constant struggle with administrative barriers**, what is seen in the statement of entrepreneur who has a subsidiary in the United States of America: *...So, the difference in this bureaucracy and papers for both firms is enormous. It's huge difference. In the USA, we have a firm where we have to present one paper yearly for taxmen and that's it... And here we have each month...20 pages of papyrology and you have to bring it by person...* (I26).

Further on, constant regulatory changes and its complexity are generating a feeling of **fear and uncertainty** and it is even more accentuated by previously mentioned perceived communication problems with the actors in the institutional field. The feeling of fear generated from awe of non-conscious violation of regulation is illustrated by statement of interviewee I16: *...here you constantly have a feeling that someone will knock on your door and give you a penalty. I often said that if someone comes and charges me 500 kuna penalty, I will shut down the firm. I really don't have the need to work and try if I see that people are punished for everything instead of warning them if something isn't done properly. And I'm sure that in this moment I'm not doing correctly at least 10% ...*(I16).

The constant feeling of repression and fear and passiveness of institutions related to adjustment of entrepreneurship incentives to realistic business conditions have resulted in the feeling of **disappointment** in interviewees related to institutional contribution to the entrepreneurial field development. This feeling is so strong that some interviewees are motivated to move their business activities outside of Croatia. Disappointment is generating hopelessness and apathy related to institutional contribution to the entrepreneurial field.

As illustrated by the statement of interviewee I22: *...Croatia doesn't have a development strategy for anything so why should it have for this. You know, we depend on ourselves and the state doesn't care, we don't care ...*(I22)), these attitudes and entrepreneurs' perceptions are generating a nature of relations on the intersection of the institutional field and entrepreneurial field that is often described by entrepreneurs by syntagme "we do not need anything, just let us work".

## 5 Conclusion and implications

Based on the results of the analysis it is evident that the entrepreneurial and institutional field in the Republic of Croatia are closely related and that the latter has the tendency to be more powerful. From the interviewees' perspective the formal punishment penalty instrumentary gives institutional field actors symbolic advantage that is not channelized as support and help but through repressive function. Therefore, most of the interviewees consider institutional field as mechanism of distortion of fair fight within the entrepreneurial field. Non-flexibility, slackness and passiveness, over standardization and non-understanding the entrepreneurial field are the most common features attached to institutions and their employees by entrepreneurs. When the influence of political field into institutional and entrepreneurial field is considered, common features include non-transparency and illegal favourisation. All of the stated contributes to emotions like distrust, animosity, fear and uncertainty and disappointment with institutions. Still, some of the interviewees (mostly younger generation) show some optimism by stating that younger generations of public institutions employees are not satisfied by this kind of field structure and are declining to reproduce it. According to these interviewees, the young generation is a carrier of positive processes and transformation of institutional field that, although slowly, still has impact on institutions' efficiency increase.

As for implications for entrepreneurship incentive policies and self-employment policies, the improvement area is recognized in advisory measures system that interviewees believe to be an efficient method for entrepreneurship incentive when compared to direct financial support for entrepreneurs. Also, interviewees are indicating the need for urgent integrated informatization of public sector that would enable exchange of all documents electronically (including exchange and database sharing between different institutions within the system). This kind of system would significantly contribute to decrease in the level of administrative barriers and increase the perceived efficiency of the field. Finally, according to interviewees' attitudes, Croatia should take example of good practice

(especially the ones from Germany and Austria) and enhance the system by simplifying regulatory framework, more efficient communication with entrepreneurs and easing the repressive actions. For instance, instead of giving financial penalties immediately, entrepreneurs are suggesting measures of previous warning and counseling when non-compliance with accounting, tax or other regulation is present. This would contribute to decrease of entrepreneurs' feeling of mistrust towards institutions and would decrease constant fear of being non-complied with regulations.

Finally, it should be mentioned that attitudes presented in this paper are not subjective perceptions of the researcher, but are based on the statements of most of the interviewees. The stated attitudes and perceptions are shaped solely by taking into account entrepreneurial perspective therefore further research should take into consideration perceptions of other key actors, like employees in public institutions and actors in the field of politics.

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