Program 4th Creative Industries Research Seminar

Wednesday 19 April 2017, 14:00-18:00h

Location

VU University Amsterdam
Main building VU University Amsterdam, De Boelelaan 1105, 1081 HV Amsterdam.
Room: Kerkzaal (main building room HG16A00 on the 16th floor)

14:00-14:10 - Welcome
14:10-14:50 - Joris Ebbers

Standing out before fitting in: Roles and reputations of founders as an antecedent of legitimacy in project-based ventures

14:50-15:30 - Lita Astuti Napitupulu and Frederik Situmeang

The grass is not always greener on the other side: the consequences of genre innovation in the Hollywood movie industry

15:30-16:10 - Stoyan Sgourev

Radicalization of innovation and structural marginality: Art at the juncture of tradition and Avant-Garde

16:10-16:30 - Break

16:30-17:10 - Elsa Fontainha, Elisabetta Lazzaro, and Marco Mossinkoff

Financial accountability and crossovers of cultural and creative firms

17:10-18:00 - Michele Piazzai and Nachoem Wijnberg

Product proliferation in the commercial music industry

18:00 - Drinks in the Basket (on campus bar)
Abstracts

Joris Ebbers (University of Amsterdam)

Standing out before fitting in: Roles and reputations of founders as an antecedent of legitimacy in project-based ventures

Contrary to extant research, we study reputation as an antecedent of legitimacy. We investigate this relation in the context of project-based ventures (PBVs), where reputation is derived from the PBV’s founders and legitimacy from the PBV’s business idea. We show that legitimacy mediates the relationship between reputation and the PBV’s ability to attract investments. However, the mediation is significant only in respect to the founder in charge of developing the PBV’s business idea, not the one in charge of its general management. This study, in the empirical setting of the film industry, provides new insights about the causal mechanisms among legitimacy, reputation and attracting investments, while taking into account the specific roles of key PBV founders.

Lita Astuti Napitupulu (Radboud University) and Frederik Situmeang (University of Amsterdam)

The grass is not always greener on the other side: the consequences of genre innovation in the Hollywood movie industry

The movie industry, like any other cultural industry, is often viewed as highly ambiguous, risky and uncertain. As a part of serving customer’s new preferences and searching for novelty, movie producers sometimes choose to switch and explore a new genre. By examining the sample of 2914 movies (produced in the United States from 1966 – 2016), this paper aims at investigating how switching genre and entering a new market (which is often seen as a genre innovation) relates to the movie performance. We use two indicators of movie performance in this paper, the market performance, measured by the number of ticket sales, and the artistic performance, measured by the expert’ reviews. Our findings challenge the prevailing wisdom in the management literature about the positive impact of innovation (Calantone, Cavusgil, & Zhao, 2002; Klomp & Van Leeuwen, 2001; Renko, 2011). Our findings suggest that entering or switching into a new genre would lead to a similar level of market performance only when tenure and past performance are both low. Movie producers are found to receive higher market performance if they stay in similar genres, and this effect is strengthened by tenure age and past performance.

Stoyan Sgourev (ESSEC Business School)

Radicalization of innovation and structural marginality: Art at the juncture of tradition and Avant-Garde

Conflicting theoretical perspectives present radical innovation as originating either from the core or the periphery of a social system. Studies have tried to bridge this divide by way of particular positions or roles. This paper proposes a different interface - when ideas from the core are “radicalized” on the periphery. This process runs counter to the expectation that radical
innovation is tempered on its way to the core. The proposed approach realigns the primacy of the core in knowledge diffusion and that of the periphery in reinforcing distinctiveness. It is illustrated with several cases, including the artists Edvard Munch (The Scream) and Kazimir Malevitch (The Black Square). The common factor is their marginality, at the juncture of opposing social forces, such as avant-garde and tradition. Such locations deepen faultlines between ideologies and reinforce contradiction in identities, making compromise less likely. The paper articulates the failure of tempering as an innovation factor, and the interdependence of tempering and radicalization. This perspective helps explain paradoxes in the history of art, such as how peripheral countries served as an incubator for some of the most radical Modernist achievements

Elsa Fontainha (University of Lisbon), Elisabetta Lazzaro (HKU University of the Arts Utrecht), and Marco Mossinkoff (HKU University of the Arts Utrecht)

**Financial accountability and crossovers of cultural and creative firms**

In a context where firms in the creative and cultural sectors are increasingly reliant on private funding (e.g. crowd-funding) to compensate increasing lacking of public subsidies, the pressure on monetary measures of success, like revenues and profitability, increases. Monetary measures of success are direct measures that presume short term and explicitly measureable outcomes. At the same time public policy-makers enact measures to stimulate broader and longer-terms economic and social effects of cultural and creative firms. We refer to these kinds of effects as *spillovers* when unintended, or *crossovers* when endogenous in the enterprise’s business model.

In such a context creative firms are faced with the complex issue of being at the same time accountable for their economic survival, as well as for their cultural and societal contribution in order to obtain both private and public funding. Both these aims can be considered in relation to two success criteria, one economic and one socio-cultural. These are however interrelated, since a higher socio-cultural contribution will enhance the probability of public subsidies, besides private funding, hence enlarging the probability of economic survival, and vice versa. Remarkably, a higher economic independency is often considered as a criterion for policy makers to allocate public funds.

In our approach of a wider socio-cultural effect of creative entrepreneurs, a crossover implies rendering the socio-cultural effects endogenous in the enterprise’s business model. Hence the question arises of when should a creative firm invest in either monetizing its output, or enhancing its societal contribution. In order to answer this question (or in order to include crossover effects in the business model) we should first understand what the relation is between these two success criteria.

In order to do answer to our question, we look at – mostly small and micro – companies in the cultural and creative sector in Portugal. The availability of data concerning the financial situation of these companies (like current ratio and solvability) in a time span of 8 years (SCIE database 2004-2011), allows us to understand the evolution of the economic success criterion. This time span should be particularly telling as it includes the latest financial crisis. Concerning the non-economic success criterion we look at the overall media exposure (qualitative data) as well as at the density of creative enterprises in a particular area. Our approach is further refined by considering the covariate effects like the local situation of creative firms in terms of population.
and economics, assuming that in poor and more retrograde areas subsidies should be more effective or imply a higher socio-cultural impact.

Michele Piazzai (TU Delft) and Nachoem Wijnberg (University of Amsterdam)

Product proliferation in the commercial music industry

Product proliferation represents the strategy whereby a firm focuses its product offer by introducing more products in a specific product category. This strategy received considerable attention in empirical research, yet most studies focused on its competitive outcomes and paid less attention to its antecedents. We fill this gap by analyzing the determinants of firms' decision to engage in product proliferation, not just in general, but in particular product categories within their current portfolio. We propose that the extent to which a firm focuses its product offer in a specific category increases with the level of demand for products in that category, with the firm's past commitment to the category, with the extent to which the firm's rivals adopt the same strategy, and with the sharpness of category boundaries, or contrast. Furthermore, we posit that the effect of rivals' behavior reverses if contrast is higher. We find support for these hypotheses in our study of the U.S. market for commercial music.