TRANSFORMATION IN CULTURAL INDUSTRIES

INTRODUCTION

The cultural industries consist of those organizations that design, produce, and distribute products that appeal to aesthetic or expressive tastes more than to the utilitarian aspects of customer needs such as films, books, building designs, fashion, and music (Peterson & Berger, 1975, 1996; Hirsch, 1972, 2000; Lampel, Lant, & Shamsie, 2000). Less widely acknowledged, but as critical, cultural industries also create products that serve important symbolic functions such as capturing, refracting, and legitimating societal knowledge and values. For example, educational publishers influence what concepts and theories are promoted to students by the books they publish. Architects shape the sensibilities of interactions at work, home, and play by their choice of technologies, space design, and material resources. Music producers discover and promote vocal artists whose lyrics shape our understandings of age, gender, and ethnicity. Because of the societal impact of these symbolic functions, cultural industries have continued to interest both popular writers and sociologists alike.

However, to a large degree the cultural industries have been considered unique and out of the mainstream, not a subject for developing general theory, and therefore relatively understudied by scholars of organizations. We argue it is no longer the case that cultural industries are so unique – representing small markets and industries of little matter to research in the sociology of organizations. Cultural industries are now one of the fastest growing and most vital sectors in the US and global economies (United States Census Reports, 2000). This growth is fueled in a large part by the nature of the knowledge, creative, and symbolic assets of cultural industries. These assets are increasingly the key underlying drivers of innovation and competitiveness in both national and global economies (Florida, 2002).

In this volume we attempt to recognize that the functions of the symbolic, creative, and knowledge-based assets of cultural industries are also characteristic of the professional services industries as well, for example as design
services, advertising, and even the more mundane services of auditing. Design services, one of the fastest growing areas in the US economy (United States Census Reports, 2000), employs symbolic, knowledge and creative assets to create desirable products for clients and consumers. Brand and product marketing has shifted from its primary focus on price and location to aesthetics, identity, and image management (Schmitt & Simonson, 1997). Even audit practices involve not only knowledge of standard accounting procedures, but more importantly the creative interpretation of complex tax codes, and the creation of symbols of public confidence in corporate practices. Yet few scholars have explored how cultural, professional services, and other industries illuminate one other.

While a large part of our research and knowledge in the field of sociology stems from the study of the decreasing returns industries based in the economic traditions of land, labor, financial capital, and the industrial corporation (Chandler, 1962; Arthur, 1996; Fligstein, 1990), the US Census data reveal that these industries in all likelihood will not be the key drivers of the economy in the future. Instead, increasingly, those industries driven by creative workers and the professions – with organizing principles based in knowledge and aesthetics – combined in novel ways with the institutional logics of the market and the corporation – will be the industries to shape the new views of organizations and our understandings of institutional and organizational change. To date, we have a few descriptive and conceptual pieces with initial explorations such as Hirsch’s (1975) comparison of the record and pharmaceutical industries, Powell’s (1990) discussion of the convergence of biotech, high tech, film, music, and book publishing as network organizations, and Jones, Hesterly, & Borgatti (1997) examination of similarities among semiconductors, auto manufacturing, airplane outsourcing, and film for the application of network governance. We believe that scholarly work, however, has not yet cultivated insights from these cross connections to help us to understand institutional and organizational change. Indeed, in this volume our journey into the realm of cultural industries produces insights that would not be revealed in a Chandlerian (Chandler, 1962,1977) or Fligsteinian (Fligstein, 1990, 1996) world of organizations. By examining the ways in which participants of cultural industries organize and accomplish their goals, our attention is focused on fresh sociological insights and new challenges in the study of organizations.

Given these transformational changes, the manuscripts in this volume illustrate how the boundaries become blurred between cultural and other related industries that also rest upon the endeavors of creative workers. In particular, we see these blending processes in the chapters that examine cell
phones, television critics, accounting, and architecture. These dynamic interactions in the commercial landscape between the cultural and professional service industries provide a richer context for the authors in this volume to examine changes in a specific market or industry, and also to advance more generally our knowledge of the latest theoretical and methodological tools sociologists have to offer in understanding the institutional transformation of organizations. We are delighted to present these studies to you.

Djelic and Ainamo (2005) explore the transpositions in institutional logics from the realm of aesthetic fashion to that of high technology in the context of the market for the emergent technology of cell phones. One of their findings points to the need for scope conditions on one of the key umbrella concepts of contemporary organization theory. Djelic and Ainamo show that the distinction between technical and institutional environments (Meyer & Rowan, 1977; Scott & Meyer, 1983), may well be in the era of market capitalism – a more mercurial one. They show for example how the transposition of a fashion logic into the high technology market for cell phones is at the same time utilitarian and cultural, albeit a product designed and marketed to customer expression. Moreover, the agents or institutional entrepreneurs responsible for blurring the boundaries of the aesthetic and the utilitarian are not always rational actors and pioneers with unique inventions (DiMaggio, 1988). Institutional entrepreneurs do not start from scratch but piece together and recombine cultural elements available in society in ways that often involve creative discovery as well as happenstance (Thornton, 2004). Worth’s innovation of the modular dress, where component dress parts – sleeves, skirts, bodices, cuffs, trims, what have you – were rearranged in a myriad of permutations to maximize the product differentiation of the white dress for imperial ball occasions, is the telling metaphor. We see, not only in the origins of fashion logics themselves, but also in the track record of cell phone start-ups the potential for this hybridization of fashion and technology logics with varying consequences for strategic success in the product market.

Dowd, Liddle, and Blyler (2005) examine the interplay between production strategies and market concentration for the careers of creative workers. Market concentration has previously been found to limit the diversity of cultural products in the market (Mezias & Mezias, 2000). Dowd et al. assess how the product strategy of decentralization of musical performing acts mitigates the negative effects of concentration, with the effect of allowing for more diversity in cultural products as examined in a higher percentage of female acts. However, they also find that the density of female musical acts
never exceeds more than 25% in contrast to their prior findings on African-American musical artists. Dowd et al. attribute this “glass ceiling” on female acts in the marketplace to the “inattention” of record label executives to female acts, reflecting society’s gender bias. In short, although the consumer market may be receptive to increasing numbers of female acts, shown by the number of prior female acts that gained top song status on Billboards, there is a limit to this acceptance. This limit is demonstrated by the record companies not signing available female talent even though the success of prior women’s acts should have paved a legitimizing path. Their important and timely research shows that unless production strategies are accompanied by a corollary change in societal level logics, change is unlikely to occur in cultural products available in the market.

Bielby, Moloney, and Ngo (2005) point out that there has been little attention to the scholarly study of the aesthetics of popular culture. They address this gap in the literature by examining the television critic’s role in an increasingly market driven world in which there are great pressures to evaluate television in terms of “what will,” rather than “what should” the audience be watching. As in the case of architecture in this volume (Thornton, Jones, and Kury), the Bielby et al. research highlights a case in which critics are situated in environments with conflicting constituencies that requires mediating between the dual demands for aesthetic and commercial evaluation. Using multidimensional scaling to generate descriptive mappings of meaning structures (Mohr, 1998), they show that, over time and during significant industry transformation, television critics attended to a remarkably consistent set of core evaluative criteria directed to these dual constituencies. As the authors point out there are structural changes in the environment that support critics’ desire for greater legitimacy in the larger arena of professional critics that orient themselves to aesthetics. For example, this is evident in the development of professional organization, the emergence of academic television studies, an elevation of the position of television coverage in journalism, and more generally transformations in the structure of media industries. However, it remains to be seen how critics’ simultaneous attention to popular aesthetics consistent with a professional logic will moderate the influences of the almighty market in the evaluation and production of television programs.

Thornton, Jones, and Kury (2005), contribute to theory and methods of analysis of institutional and organizational change by integrating the work on institutional logics (Thornton, 2004) to understand how the content of culture influences organizational change with that on historical event sequencing (Sewell, 1996) to examine the causal events that transform the
content of culture. They apply this dual perspective to examine three industries with histories of institutional and organizational transformation—accounting, architecture, and publishing—questioning in particular if there are countervailing effects from the institutional sectors of the state, the professions, the corporation, and the market. While analyses show distinct patterns of institutional and organizational change within each industry, they also reveal general models of institutional and organizational change that do not consistently support the conventional prediction for corporate and market rationalization. In particular, Thornton, Jones, and Kury focus on three mechanisms in their analyses—institutional entrepreneurs, structural overlap, and historical event sequencing. In sum, in contrast to the outcome of an evolutionary model of market rationalization in publishing, they illustrate how accounting has followed a punctuated equilibrium model in which managerial and market forces are periodically and increasingly stymied by the State. Architecture has followed a cyclical model in which a dialectic of conflicting institutional logics within the professions, between the aesthetics of architects and the efficiency of engineers, have prevented conflict resolution and linear transformations in the institutions and organizations of architecture.

Zuckerman (2005) examines whether a transformation of the film industry from hierarchy to market influenced actors’ typecasting specialization or generalism. Prior research shows that the film industry went through a major transformation from hierarchy to market governance (Christopherson & Storper, 1989: Miller & Shamsie, 1996). Based on the fundamental differences between how market and hierarchies govern their productive assets, should we expect to see a difference in the outcome of cultural products? Zuckerman suggests that hierarchies and markets have internal countervailing forces for generalism and specialization that effectively negate one another. In the hierarchy period, studios had incentives to develop their actors as generalists because of their sunk costs in a semi-permanent staff. They were likely to use actors across a variety of roles rather than hire new actors. Studios, however, also had incentives to develop their actors into specialists with a clear persona that attracted audiences to films, made revenues more predictable and allowed them to recoup their costs of training and development for their stock of actors. In the market period, individual actors have greater control over their career assignments, thus they may turn down job opportunities that unduly constrict their skill development. Individuals, however, also experience forces for specialization such as the market’s ability to match resources efficiently, which depends on a clear persona developed through experience in a role and genre. Zuckerman finds only
modest differences between actor specialization in hierarchy and market periods. Thus, the governance of creative assets does not lead to significant differences in product diversity or typecasting in cultural industries. This raises the question of whether the dynamics of cultural industries, which are fundamentally driven by consumer demand, swamp differences between markets and hierarchies. An important question is whether the logic of consumerism, which underlies mass cultural products, trumps the governance dynamics of markets and hierarchies?

The chapters in this volume are distinguished by their theoretically integrative and mixed methods of analysis from ethnography to simulations to confirmatory modeling among others – that bring forth a multifaceted focus on the stories of creative individuals as well as the effects of markets and hierarchies in which creative workers operate. Combined, these chapters point toward new understandings of cultural products and industries, and institutional and organizational change processes.

The chapters bring to light examples of the blurring of the boundaries between the aesthetic and the utilitarian. The rise of mass customization stemming from new technologies and materials shifts our understanding of cultural products from serving primarily aesthetic or expressive, rather than utilitarian purposes, to one in which aesthetics, expressive, and utilitarian purposes are combined within a single cultural product. Thornton, Jones, and Kury (2005) discuss how institutional logics in the architecture profession cycle between expressive (e.g., aesthetic) and utilitarian (e.g., efficiency). Increasingly, innovative architects such as Frank Ghery use new technological tools to bend, twist, and create buildings such as the Bilbao museum that are at the same time highly expressive and utilitarian. Djelic and Ainamo (2005) describe how Nokia adopted fashion logics that suffused their cell phones, a formerly utilitarian product, allowing consumers to use cell phones for both utilitarian and expressive purposes.

These studies call into question the generalization of classic sociological studies of institutional legitimacy and diffusion (Tolbert & Zucker, 1983), and if institutional change and diffusion are a linear function of market rationalization. While the empirical evidence demonstrating the progression of corporate and market logics in a variety of contexts has been mounting (Thornton & Ocasio, 1999; Scott, Ruef, Mendel, & Caronna, 2000; Lounsbury, 2002), the studies in this volume show that institutional transformation does not necessarily occur in a linear process. The findings of Djelic and Ainamo (2005) shows, which institutional logics prevail – that is which logics drive isomorphism – is more a process of “oscillation,” not the classic S curve, or linear process of market rationalization. The development of the cell
phone was influenced also by the mercurial and happenstance logic of fashion rather than solely by the systematic and orderly advance of Moore’s law\(^1\) that drives all of high technology in which cell phone technology is embedded.

Similarly, Thornton, Jones, and Kury (2005) demonstrate that in architecture, the logics of aesthetics versus efficiency, oscillated over time due to structural overlap and conflicts among rival but interdependent architect and engineer professionals. These cycles or oscillations opened up new building opportunities, and were triggered by shifts in the political landscape and technological innovations that increased space efficiency and the aesthetic use of new materials.

Moreover, their examination of accounting demonstrates a punctuated equilibrium model of institutional change in response to market crisis, where each crisis built upon and shifted the public’s prior understandings (Sewell, 1996). With the first crisis, the public’s distrust of market competition to monitor unscrupulous companies deepened. The public accounting profession was the first to step in to claim the privilege and responsibility to protect the public interest and assets. However, with each passing scandal in public accounting from Penn Central in 1970 to Enron in 2001 and now KPMG, this moral high ground has been increasingly eroded by the public perception that accounting firms are more likely to protect their own revenues rather than the public’s assets. As the logics of the corporation and the market began to dominate those of the profession of accounting, the State usurped this progression and eroded professional power with tougher laws to protect the public’s assets. State Attorney Generals, such as Elliott Spitzer of New York, continue to prosecute with much publicity the unscrupulous companies and accountants.

The chapters point to insights and opportunities for new research at the cross-section between societal sector analysis and theories of the middle range. For example, these chapters point to how the legitimacy of actors such as female vocal groups and television critics involves interplay of professional, corporate, and market forces. Bielby et al. (2005), Dowd et al. (2005), and Zuckerman (2005) address to some extent careers in cultural industries and how production strategies rather than governance shape the mix of cultural products and careers. Bielby et al. make the case that television critics’ seemingly innate need for professional status in the eyes of the elite circle of aesthetically inclined critics cannot be stamped out by the almighty forces of market rationalization. Dowd, Liddle and Blyler (2005) show constraints on individuals’ careers due to societal level understandings of gender. Zuckerman (2005) shows that even with organizational shifts in production strategies from integrated in a hierarchy to disaggregated in a
market, that there is little difference in the diversity of cultural products, seen in actors career specialization under the two governance forms.

Similarly, Thornton, Jones, and Kury (2005), as well as Djelic and Ainamo (2005) show how structural overlap provided institutional entrepreneurs with the opportunity to visualize and transpose institutional logics from one societal sector to another, igniting change in a variety of industries. These chapters extend and augment prior empirical research showing how institutional entrepreneurs import design or consumer logics to alter products and shift markets (Hargadon & Douglas, 2001; Jones, 2001). However, the scope conditions under which institutional entrepreneurs can take advantage of structural overlap to initiate institutional change are not well understood. Just how much of the discovery process is the happenstance of event sequencing versus the rational strategic behavior of entrepreneurs warrants further research.

The integrative use of theory and methods in these chapters brings to light the need to take stock of the accumulating research findings on cultural industries with regard to how they compare with extant organization theory. We encourage you in reading the chapters to think along these lines. For example, transaction cost theory argues that cost minimization is the driving force and logic for hierarchies, particularly those that serve large consumer markets (Williamson, 1985). However, Zuckerman (2005) points out limitations of transaction cost theory in that it does not necessarily matter whether it is the firm or the market that governs the typecasting of actor talent – the result is much the same for specialization. While population ecology theory argues that the effects of density are universal, instead we see examples in which density dependence propels legitimacy for some cultural products but not others, for example with African-American, but not female musical artists. In other chapters resource dependences are not simply altered by power, but instead by the institutional logics of the professions, the market, and the corporation that combined shape aesthetics in new ways (Thornton & Ocasio, 1999). For example, the shift in architectural aesthetics from Beaux Arts to Bauhaus was shaped by the rise of engineers as an increasingly important profession during the 20th century in several Western industrialized countries. With this shift came an appreciation for material resources that were mass manufactured rather than hand crafted and traditional (Guillén, 1999). In institutional theory organizational actions as sign and symbol has been a vibrant line of research particularly with respect to understanding the sources of legitimacy and the mechanisms to buffer and loosely couple organizations in conflicting institutional environments (Meyer & Rowan, 1977). We see applications and variants of this branch of
institutional theory in widely divergent contexts such as in the realms of corporate executive practices (Zajac & Westphal, 1998, 2004), management of cultural organizations (Glynn, 2000), and entrepreneurial strategies (Lounsbury & Glynn, 2001). In this volume, Djelic and Ainamo (2005), with the case of cell phones, extends our understanding of how organizations located in highly cultural and technical environments transpose institutional logics to commercially use sign and symbol as the center piece for entrepreneurial opportunity and marketing strategy.

While these chapters bring renewed attention to classic studies of cultural industries, our hope is that these chapters motivate new scholars to take up the study of the cultural industries. By addressing a forgotten call to integrate cultural sociology and organizational theory (DiMaggio, 1977), we have chronicled new insights brought forth in these chapters. The question still remains, given the rising prominence of the creative class and its importance to future economic vitality, just how special and how mainstream are the research findings from the cultural industries and how do they change what we now take for granted in organizational sociology.

NOTES

1. Moore’s law originated with Gordon Moore, co-founder of Intel in 1965 with the observation that the area of transistors per square inch on computer chips had doubled every year since the chip was invented, increasing computing capacity fourfold every 4 years. (http://www.webopedia.com). These chips are the brains of computers, cell phones, car electronic systems, and a myriad of other products consumers use.

REFERENCES


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