

Sigurdardottir, Margrét Sigrún

**Doctoral Thesis**

## Dependently independent: Co-existence of institutional logics in the recorded music industry

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Dependently independent



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# Dependently independent

Co-existence of institutional logics in  
the recorded music industry

**Margrét Sigrún Sigurdardóttir**

PhD Series 3.2010

The PhD School of Economics  
and Management

PhD Series 3.2010

**Dependently independent**

Margrét Sigrún Sigurdardóttir  
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*Co-existence of institutional logics in the recorded music industry*

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# Dependently independent

## Co-existence of institutional logics in the recorded music industry

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PhD  
**Margrét Sigrún Sigurdardottir**  
**30/8/2009**

The air just tasted different in an independent label

## ABSTRACT

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The concept of institutional logics, notably a choice between multiple logics, has been offered as a foundation to theoretically explain heterogeneity of organisation. The thesis focuses on how this heterogeneity of organisation is possible through a study of how decision makers deal with conflicting yet co-existing logics in their every day work. The field chosen for the empirical study is the recorded music industry, where two opposing logics, the artistic and the commercial, necessarily co-exist. Through semi-structured interviews, decision makers in the recorded music industry in the UK were asked about their work processes. Their descriptions revealed two very different ways of acting based on either the artistic logic or the commercial logic. The study further shows that even if there were some attempts to take both logics into account, all the respondents emphasised one logic over the other, but not the same logic, leading to the established major/independent duality in the structure of the field.

## ABSTRACT IN DANISH

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Begrebet institutionelle logikker er blevet brugt som et fundament til at forklare, på en teoretisk måde, heterogenitet af organisation, gennem et valg mellem flere logikker. Denne phd afhandling fokuserer på, hvordan denne heterogenitet af organisation er mulig gennem en undersøgelse af, hvordan beslutningstagere håndterer modstridende, men alligevel sam-eksisterende logikker i deres daglige arbejde. Feltet valgt til den empiriske undersøgelse er musikbranchen i Storbritannien, hvor to modsatrettede logikker, den kunstneriske og kommercielle, nødvendigvis sam-eksisterer. Gennem semi-strukturerede interviews blev beslutningstagere i musikbranchen i Storbritannien adspurgt om deres arbejdsprocesser. Baseret på deres beskrivelser blev to meget forskellige måder at handle på opdaget, på den ene hånd med grundlag i den kunstneriske logik og på den anden side den kommercielle logik. Endvidere argumenteres der for, at selv om der var nogle forsøg på at tage hensyn til begge logikker fremhævede alle de adspurgte en logik frem for den anden, men ikke den samme logik, der fører til den etablerede major / independent opdeling i branchens struktur.



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The idea and plan to write a PhD thesis started at the Faculty of Economics and Business Administration at the University of Iceland, where I was both studying and working. I owe thanks to a lot of people there for hiring me, teaching me, supervising me, and after I started the PhD, making it possible for my visits to Iceland to be ‘working’ holidays.

It was further through a Nordic project on the music industry that I was involved with at the University of Iceland that my path lead to CBS, first meeting Mark Lorenzen, and through him the rest of the Creative Industries crowd.

PhD’s are not written without guidance. During the process of writing the thesis I have had three supervisors. Peter Maskell from April 2004 to November 2008, Jesper Strandgaard Petersen from 2005 to November 2008 and Eva Boxenbaum from November 2008 to August 2009. I owe Peter great thanks for giving me the freedom to write the PhD on my own premise within a theoretical framework far from his field of study and yet always being able to challenge the theoretical constructs I came up with. Jesper I would like to thank for accepting to join the process halfway through as a co-supervisor and for sharing his extensive knowledge of new institutional theory. Last but not least I want to thank Eva for helping me refocus my work and keeping me focused the last few meters.

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At the institute a lot has changed since I started my work on the PhD. The department was then IVS (which I quickly learned no one could off the top of his/her head tell you what stood for). The offices were located on three floors on Solbjergsvej. Now it is on one floor in Kilen, with a brand new name, Department of Innovation and Organizational Economics (INO). The years I have spent at CBS have been very interesting; I have learned a lot, not just academically, but also about university administration. Thank you all.

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In recent years the emphasis of institutional theory has moved from homogenous institutional organisation towards an emphasis on heterogeneity of organisation based on multiple institutional logics (Friedland & Alford, 1991; Thornton & Ocasio, 2008) and institutional entrepreneurs (Hardy & Maquire, 2008). Institutional logics are defined as particular means-end relationships, representing a given end, and are as such mutually exclusive and often conflicting, which leads to alternative sources of acting within any field (R. W. Scott, Ruef, Mendel, & Caronna, 2000; Thornton & Ocasio, 2008).

Whereas new institutional theory previously emphasised one dominant institutional logic within a given field, the theory of institutional logics argues that multiple logics exist within any field. Through the multiple sources of action, these different logics offer the foundation to heterogeneous organisation. Furthermore, Thornton and Ocasio (2008) argue that in any institution there must be a market, as well as a cultural aspect, thus building conflict into the institution to the extent that cultural and market logics are traditionally understood as conflicting. It is this built-in conflict between the market logic on the one hand and the cultural logic on the other that will be the focus of the thesis.

The built-in conflict, between the market and the cultural logics is probably best seen in cultural or artistic fields, where the artistic logic is often taken to be in opposition to the commercial logic<sup>1</sup>, as seen in the commonly known terms of 'art for art's sake' and 'selling out'. But how do individuals on a daily basis deal with the multiplicity of logics? How do they act when two conflicting and mutually exclusive logics, such as the artistic logic and the commercial logic, both have to be taken into account in their actions?

---

<sup>1</sup> The terms commercial and artistic logics will be used in relation to the empirical field as these terms better reflect the field terminology than market and culture.

For a start up design company in Copenhagen, this conflict came up when one of their first designs became successful and quickly dominated their work (Nielsen, Power, & Sigurdardottir, 2009). Should they at this stage push aside their wish to run an artistic design company with a continuous flow of new designs and become a production company in order to pursue the profit made possible by the success of their design? The decision to either focus on the production of this one product, or to continue focusing on the design and continue producing mostly prototypes would have great consequences on the way that they did their jobs and thus on the way the company would be organised. The choice would be between two logics, a market logic (which here would emphasise production, marketing and sales as a means to profit), and a cultural logic (here an emphasis on creativity and a steady stream of great new designs). If different organisations within the furniture industry made different choices in this crucial motivating decision, we should expect to see considerable heterogeneity of organisation within that industry.

Even if the concept of multiple logics offers the theoretical outline for heterogeneity of organisation, studies of multiple logics have not tended to focus on organisational outcomes, but rather on resistance and conflict. In a study of commodity banking, Marquise and Lounsbury (2007) have shown how resistance to the entrance of new bigger/national organisations led to resistance from the local organisation. Stone (1996) showed how the conflict between two logics of organising a non-profit can lead to a split of a non-profit organisation and Binder (2007) showed how a similar conflict between the administrative logic and the logic of social support lead to a division of another non-profit organisation. In a study on how museum directors rationalized external pressure, Townly (2002) did however find that resistance to conflicting logics is not the only response. Further D'Aunno, Sutton and Price (1991) studied how a hybrid organisation mental health and drug abuse clinic dealt with conflicting demands and found that separate logics were adopted to a degree, but one logic still tended to be prioritised.

It is easy to see how market and cultural logics would lead to resistance if the pressure upon the cultural logic became too strong. In particular, this is true when studying fields such as art museums and their resistance to increased external requests for efficiency measure, but co-existence of institutional logics does not only lead to resistance, and does not only happen between the market and cultural logics.

For example, Zilber (2002) showed how a feministic logic and a therapeutic logic struggle for dominance in a rape crises centre. Zilber explains that this conflict exists even if there are no compelling market pressures to adopt both logics. This is quite different from the creative industries, where art is sold for profit and the two conflicting logics – commercial and artistic - *must* co-exist. The same is true for book publishing where the cultural logic of editors' and the market logic must both be taken into account even if one logic might be dominant as Thornton and Ocasio have documented (1999).

Based on the conflict between market and cultural logics, it is interesting to speculate on the constitution of fields where either of the respective logics is dominant. For the market logic we could easily envision financial markets where return on investment was the sole goal of the organisation. At the other end of the spectrum, the cultural logic would lead us to think about non-profit organisations such as art museums, hospitals and schools. Yet even in the case of non-profit organisations there is a need for some financial base for their operations and thus a need to take the market logic into account even if the cultural logic is dominant.

The present work takes its starting point in the assumption that in creative industries where art is sold for profit, it is impossible to ignore or push to the side either the cultural logic (in the present case, the artistic logic) or the market logic (here referred to as the commercial logic). This is to emphasise that this is indeed a for-profit field rather than a non-profit arts field. Rather, both need to be taken into account at any time. Based on this I formulate the following research questions:

1. How do individual managers in the creative industries deal with situations where they necessarily have to take into account two opposing and mutually exclusive institutional logics?
2. How do managerial responses to these situations influence organisation of the field?

The following work will attempt to answer these questions by studying how individual managers and decision makers deal with the conflicting logics. Do managers attempt to ignore one or the other? Do they divide the organisation into divisions according to the logics? Or do they combine them so as to justify their actions based on both logics? Emphasis will be given to the description made by decision makers of the work process involved in putting out music and the influence of this process on the organisation of the field, how do the logics influence the organisation of the record companies? Does this lead to a homogeny or a heterogenic organisation of the field?

Unlike the traditional new institutional emphasis on the macro level, I focus on the micro level, and the influence of micro level actions on organisation. My choice is based on the idea that macro level studies cannot give the same insights into how conflict between logics plays out as a micro study. A micro study can capture how individual decision maker's deal with the conflict and this is needed in order to further advance the theoretical understanding of the heterogeneity of organisation at the field level. In short, the focus on institutional logics allows for the study of interactions between two levels of analysis, linking the individual decision maker's actions to the organisation of the field.

The field selected for the research is the recorded music industry. The music industry, both broadly defined as well as narrowed down to the field of recorded music in particular, belongs under a subheading of the cultural or creative industries. These have in the last few years received increasing political emphasis as economically important (Flemming, 2007; Thornton, 2004). This is an indication that the political discussion has moved from the arts being in need of

public funding, towards an understanding that they can be profitable businesses. This change in the way art is perceived increases the emphasis that both the artistic and the commercial logics need to be taken into account in the creative industries, making them a particularly interesting topic of study from the institutional logics perspective.

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## 1.1 OUTLINE OF THE THESIS

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The aim of the thesis is to add to institutional theory of organisation through an empirical study of how individual decision makers deal with conflicting logics. In order to do so, theoretical, empirical, and methodological aspects are discussed.

The thesis starts out by framing the concept of conflicting logics in theoretical terms (chapter 2.) (After defining institutional logics, the concept of legitimacy is presented (2.1). This is done as to establish the link between the concept of logics and legitimacy which is important in the context of struggle for dominance as the struggle for dominance is really a struggle for legitimacy. The overview of the concept of legitimacy establishes the importance of the normative and cognitive aspects of both legitimacy and institutional logics.

Another important aspect of institutional logics is that they combine two levels of analysis the micro and the macro. This aspect is discussed in chapter 2.2 where a model from Coleman (1986) is used to show how a study of work processes might be used to link the two levels, the logic, the behaviour and then again the organisational outcome of the behaviour. Having outlined these important characteristics of institutional logics, the next step is to envision, based on the theory, the ways in which conflicting institutional logics might influence organisation. This is done in chapter 2.3 where four possible scenarios are described in view of previous research on institutional logics. Later in the thesis the scenarios are compared to the findings of the interview study.

After the presentation of the theoretical framework, the empirical field is introduced. To answer the research question, the empirical field must have two established conflicting logics as the goal is not to establish that there are two conflicting logics but how decision makers deal with the conflict. Chapter 3 outlines how the conflict between arts and commerce is to some extent a fundamental aspect of the definition of artistic creativity. When the conflict has been revealed the literature on organisation of the recorded music industry is reviewed (chapter 3.3), which has been focused upon the concentration of the industry and how the concentration has influenced innovation. In that stream of research, the underlying argument is that innovation has gone down in the presence of great concentration of companies? The incompatibility of concentration and creativity provides a striking parallel to the conflict between the commercial logic and the artistic logic. Other literature on the organisation of the recorded music industry has also focused on the distinction in the industry between the “majors” and “independents” (Gander & Rieple, 2002; Hesmondhalgh, 1999) – there again the conflict between the forms is very salient. Following the academic literature of the organisation of the recorded music industry chapter 4 outlines how the field was narrowed down from the recorded music industry in general to the London based commercial recorded music industry. This is followed by descriptions of the recorded music industry, first based on market share data which show how the field is divided into two separate size groups and then an outline of the work process involved in putting out music. This first outline of the process and important actors is not aimed at showing how the two logics studied might conflict throughout the process, but to present as neutral an account of the process as possible. The intent is to provide the reader with an insight into the kinds of tasks where the decision makers might have to deal with the conflicting logics.

Chapter 5 outlines the method used in gathering empirical data and how the data was analysed. The chapter starts out with an outline of how the cases were selected, and then describing how the work process data was collected through

semi-structured interviews. This did not only uncover two logics but allowed to determine the strength with which the decision makers adhered to each of the logics.

The findings chapter (6) starts with an outline of the two logics as they were uncovered in their ideal form. The chapter establishes how the two logics are conflicting in their understanding of what 'good' music is, how it is found, and how it is sold. Based on the two ideals, the work process is divided into two parts, the artistic and the commercial tasks. The interview data is analysed to uncover how the logics might influence decision makers in each of these two parts of the work process. The findings are compared to the four scenarios hypothesised in the literature review, which shows that even if there are two distinct logics, neither one of them seems to be dominant. Furthermore, most decision makers are apparently aware that there is more than one way to do things. Having established the existence of the two logics, the next chapter outlines how decision makers deal with the co-existence ignoring the alternative logics or attempting to combine the two logics.

Chapter 7 discusses the findings and how they might add to our understanding of how decision makers deal with conflicting institutional logics, as well as how this influences organisation as well as our understanding of the organisation of the recorded music industry in particular and the creative industries in general. The final chapter (8) then sums up the findings of the thesis.

In addition to the already outlined chapters, the thesis has five appendixes. The first, Appendix A, gives an overview of the music industry terms applied in the music industry; Appendix B is the interview guide the research interviews were based on. Appendix C outlines and discusses the two record companies able to break the 4% market share barrier the smaller companies seem to be unable to break. Finally Appendix D is a table of the interview data where one of the two logics, or a combination of the two, was coded.





In recent years there has been a surge in the literature where institutional logics are used as a meta theory or method of analysis (Thornton & Ocasio, 2008). This surge has happened along with an increased emphasis on embedded agency (Hardy & Maquire, 2008) and heterogeneity of organisation, rather than isomorphism (DiMaggio & Powell, 1983) and homogeneity. This development testifies to the rising interest in how institutional logics relate to institutional change.

Institutional logics trace their origin to Friedland & Alford (1991) who in a call for wider societal consideration in institutional theory argued that core institutions all had a central logic. Each of these logics constrained action, but their multiplicity at the same time offered alternative modes of acting, thus laying the theoretical foundation for agency. In the current literature on institutional logics, they are simply defined as means-end relationships that define the content and meaning of institutions (Thornton & Ocasio, 2008, P. 100). Institutional logics focus the attention of decision makers in organisations on issues and solutions that are consistent with the prevailing institutional logic (Thornton, 2004, P.12). Institutional logics thereby define the 'rules of the game' and conflicts between logics are thus particularly challenging theoretically.

In their outline of institutional logics in the *Sage Handbook of Organizational Institutionalism*, Thornton and Ocasio (2008) outline the most important aspects of institutional logics as a meta theory. They list the following characteristics: the intersection of multiple logics; the role of this intersection as a foundation for the concept of embedded agency; the multi-level approach; the need for a historical element in studying logics; and the persistent duality whereby institutions have both material and cultural foundations. This duality is of central importance in the present work, where it is precisely the conflict between the commercial logics and the artistic logic which are studied. Examples of cultural logics in the

institutional literature are the craft logic in higher educational publishing (Thornton, 2002), the more general health care logics (D'Aunno et al., 1991; R. W. Scott et al., 2000) and non-profit logics (Binder, 2007; Stone, 1996; Townley, 2002). In these studies the emphasis is often on conflict between the two aspects: the market defining the means to profit or cost-effective management and the cultural defining the means to culturally valued goals such as better health or, in the case of the present work, great music. The conflict between the two is also the focus of the present work, but rather than to simply study the conflict empirically, it compares the empirical findings to scenarios based on previous research on institutional logics. The scenarios outline the theoretical take on how the conflict can be played out in any given field, thus building the first step towards a theoretical outline of how conflict between institutional logics influences field organisation.

The emphasis that the study of institutional logics puts on conflict is not new to institutional theory. The theory was originally put forward as a contrast to an overemphasis on efficiency and economic rationality (Meyer & Rowan, 1977). Thornton and Ocasio (2008) do in fact list the emphasis on conflict in early institutional theory as a predecessor to the emphasis on institutional logics. The difference between the older version of institutional theory of organisation and the emphasis on institutional logics is that in the emphasis on institutional logics, the emphasis is not only on whether the underlying assumptions behind the action is rational or irrational but rather how conflict or conformity between the logics of the field influence organisation through individual choices of action. The next three chapters address three important aspects of the influence of institutional logics. First, how the logics relate to the concept of legitimacy. Second, how the study of logics ties together two level of analysis. Third, how logics have been found to influence organisation, and how two conflicting logics might influence field organisation.

Whereas in institutional theory, legitimacy was set up against rationality (in the understanding of economic rationality), in the theory of institutional logics, the two oppositions are represented as the persistent duality between market and cultural aspects (Thornton & Ocasio, 2008).

Based on this, at least two logics representing the two conflicting aspects define the legitimate ways to organise within any given field. This creates a foundation for heterogeneity of organisation based on multiple logics within the field. Each logic would define a possible organisation and theoretically all the possible outcomes *could be* legitimate. Yet this does not necessarily mean that all the possible organisations based on the logics within the field *are* legitimate.

One of the logics could be dominant, meaning that it defines the only legitimate way to organise within the field, as new institutional theory has emphasised. But what does being legitimate mean in institutional theory?

In Meyer and Rowan's theory, the institutions rule myths which organisations incorporate and thereby gain legitimacy, resources and stability as well as generally enhance their survival prospect (Meyer & Rowan, 1977). DiMaggio and Powell (1983) emphasise how isomorphic processes act as constraints and result in pressure on non-legitimate organisations to become legitimate.

The emphasis on legitimacy is in early institutional theory emphasised as a contrast to standard efficiency claims - the idea that organisations use rational calculations to find the most efficient organisational form and adopt it as their own. The legitimate organisational form might thus not be the same as the most (economically) efficient form. In this understanding organisation, according to new institutional theory, becomes a trade-off between profit and legitimacy (Deephouse, 1999). This trade-off does according to Meyer and Rowan (1977) create a conflict between the technocratic aspect, as the organisation seeks economic efficiency, and the norms and myths that the legitimate organisational

structure is based. This conflict between being legitimately organised and being economically efficient often results in a decoupling between the two (Meyer & Rowan, 1977). These neo-institutional accounts contrast with the emphasis on institutional logics, where legitimacy is presumed to be linked to the logic rather than the institution (it is the logic that defines the legitimate means to reach a valued end). The multiple logics each define the legitimate means to the end they represent. The above outlined conflict between economic rationality and legitimacy would thus translate into conflict between legitimacy based on the artistic logic or the commercial logic, and through this offering more than one legitimate way to organise or heterogeneity of organisation within the field.

The concept of legitimacy is thus a central concept in institutional theory. In spite of this Suchman (1995) found that even if many researchers use the concept few define it. He goes on and offers his own definition:

Generalized perception or assumption that the actions of an entity are desirable proper or appropriate within some socially constructed system of norms, values beliefs and definitions (Suchman, 1995 p. 574).

In this definition he links legitimacy to the cognitive (beliefs) and normative (the way it has always been done) aspects of the institution. This means that an action can be perceived as legitimate, either because we cannot perceive any other way or because we have come to accept it as such (even if we might be able to envision other actions).

Scott (2001) also offers a definition of legitimacy based on his three pillars of institutions: the regulative, the normative and the cultural cognitive. The pillars, he claims, denote the different emphasis of each of the respective theories, making them fundamentally distinct. They differ in their understanding of action, where the regulative pillar stands for the rational choice on the one end and the cultural cognitive pillar stands for the taken for grantedness of socially constructed behaviour at the other end. The normative pillar stands in the middle

where norms are followed out of social obligation. Norms differ from the taken for grantedness of the cognitive frame as they are not *the only* perceived way of acting and thus are only effective as long as people follow them. The normative pillar, unlike the cognitive one relies on some form of agency where agents are able to perceive other possible ways to act, but decide to follow the norm. The same goes for the roots of legitimacy where according to the cultural cognitive pillar an 'action' is legitimate as it is *the* only action comprehensible, the only way to do things (thus barely sufficing as action but rather an enactment or behaviour).

Thornton and Occasion emphasise that institutional logics combine the cognitive and the normative aspects along with a structural aspect which closely resembles the regulative or coercive aspect of institution (2008). The two theories are thus in agreement on the aspects of the institution but the question still remains where the source of legitimacy of an institutional logic is. Is it cultural cognitive or normative or even structural? And why does it matter whether the source of legitimacy of the logics is cognitive or normative?

There are two reasons the distinction between the cognitive and normative<sup>2</sup> aspects of institutional logics are important. First, if the logics are cognitively legitimate it is impossible to envision acting in any other way, while if they are normatively legitimate we can envision other alternative modes to act, but simply choose the one we value the most or find most legitimate. The normative understanding would thus allow for a socially skilled actor (Fligstein, 1999) to act differently than the majority in the field. The two are thus at the foundation of the distinction between action and enactment, where individuals are perceived to enact the cultural logic without perceiving alternatives, while the normative logic, although likely to lead to enactment does make room for action based on the perceived alternative. This thus has to do with strength of the logic. Powel,

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<sup>2</sup> The structural is largely left out here as it is assumed that the structural is based on a decision or consensus of the field and thus functions almost as an extension of the other two aspects.

Gammal and Simard (2007) found that non-profit organisations with a clear strong vision were concerned with fidelity and this made them less likely to consider alternative logics when presented with them, arguing that “true believers are rarely engaged translators” (P. 257). Strength thus indicates how willing individuals are to consider alternative logics. Second, this has research implications as Deephouse and Suchman (2008) point out, such as how is cognitive legitimacy measured, how is it possible to measure something which you are not aware of as the simple task of measuring does make you aware of it. Mapping of institutional logics thus requires an open mind and some distance from the field to make sure as to not overlook the cognitive aspects and further it is not enough to just map the logics. In order to deal with how the logics influence organisations we also need to evaluate how strongly individuals hold the logic, in order to understand how they will react when confronted with conflicting logics. Although it is hard to make a universal measurement of how strongly individual decision makers hold particular logics, a careful analysis of their arguments (such as through qualitative interviews) should indicate whether they cognitively see the logic as the only plausible way to act or if they do envision alternative modes of acting but normatively choose to act according to a given logic.

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## 2.2 COMBINING LEVELS OF ANALYSIS

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The theory describes how institutional logics affect organisational structure within a given field, using the concept of embedded agency and the ability to choose between logics. Still, the literature on institutional logics is somewhat lacking in clarity as to *how* this influence on the organisational structure occurs and further how this leads to the aggregate of organisational structures comprising the field.

To uncover the underlying mechanism we must look at the individual level, in an attempt to understand how the institutional logic influences and frames the

enactment or allows for action of individuals, which in the aggregate comprise the organisation of the field. Doing this would be an attempt at understanding how the logic shapes the behaviour of individual decision makers, within organisations that is how the embedded agent chooses to act.

To explain the underlying mechanism of the influence on individual action, as well as the structural outcome of this action on field level, we must use two levels of analysis, the individual level and the field level. These micro-macro relations cause problems that the social sciences have had a hard time addressing (Hinnings & Tolbert, 2008). The model below is an attempt by Coleman (1986) to model the relationship between the two, based on Weber's theory that the protestant religious doctrine leads to capitalism.

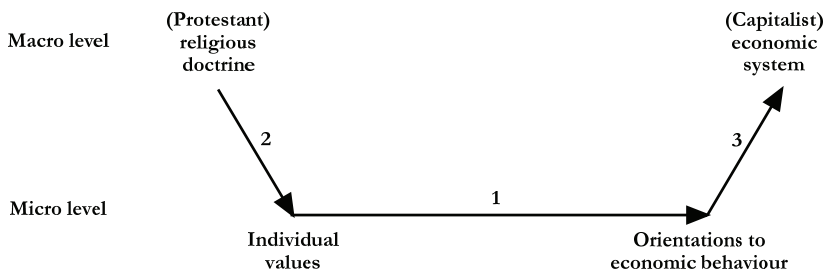


FIGURE 1 - LEVEL OF ANALYSIS - COLEMAN ORIGINAL MODEL (Coleman, 1986)

This model shows how the macro level of a belief system (the protestant religious doctrine) relates to the values of individuals, which then leads them to act in a given way (economic behaviour) which when a certain amount of people act according to the belief system leads to a given macro organisation (the capitalist economic system).

The model can be mapped onto institutional logics, replacing the protestant religious doctrine with logics such as the commercial or artistic logic. These logics each outline a valued end, and the means believed to lead to that end. For the commercial logic this end would be financial and for the artistic logic, art. If one of the two logics would be dominant, most of the individuals would value the end

defined by the dominant logic. But if two logics co-exist without clear dominance then the actions will be based on a choice between the two values. To understand the organisation of the field, we would thus have to study how individual decision makers choose between the two values the logics represent.

Thornton and Ocasio (2008) refer to this choice as mindful action. Here, mindful means that a choice is made between alternative values and the logics that represent them. The selection of the value ranked highest (or held strongest) then leads to enactment of the means believed to lead to the selected end, ultimately leading to an organisational structure based on the choices made within the field (fig. 1, arrow 3). Here it is clear that the logic does not only provide a definition of the means believed to lead to the valued end but further contributes to the definition of what is valuable.

The first step in studying institutional logics would be to uncover the logics, or the values, and the means believed to lead to them (fig. 1, arrow 2). To do this one way is to study action, given that the actions represent the means. To uncover action of this kind, Coleman refers to the work that social historians and ethnographers traditionally do with qualitative data (Coleman, 1986). Powell and Colyvas (2008) also call for a study of how actions on the ground lead to macro changes and responses. A similar line of inquiry is further called for in the paper *Bringing Work Back In* by Barley and Kunda, where the emphasis is on studying work processes (fig.1, arrow 3) to understand organisation (Barley & Kunda, 2001). Although Barley and Kunda skip over the value part and focus on the action they encourage looking at processes of work as a foundation for a theory of organisational structure. This is further in line with Hardy and Maquire's (2008) emphasis on process as the study of institutional entrepreneurs. Building on this, the understanding of process, the empirical part of the thesis studies work processes in the music industry, treating the descriptions of them as behaviour believed to lead to a given end or value desired by the individuals interviewed.



By asking individual decision makers to describe the work processes within their organisation, it is further possible cast a light on how they are exposed to the conflicting logics in the field and how they manage the conflict created by the two opposing legitimate ways of organising (fig. 1, arrow 1). This leads up to the mindful decision as to which logic to follow, based on how strongly they adhere to the two logics or how they rank their value. To do this we do not only need to get a description of the work process but further need to establish the strength of the logic: can the interviewees see alternative modes of acting? Or do they cognitively believe the logic they enact is the only one? These questions give an indication as to how they would rank the conflicting logics in importance, which has important implications to organisation. Someone strongly adhering to a logic would actively resist a conflicting logic, while another individual not adhering to the logic as strongly (or ranking its value lower) might be willing to attempt to combine the logics in a hybrid way.

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### 2.3 INSTITUTIONAL LOGICS AND FIELD ORGANISATION

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Similarly to much of the new contributions to institutional theory in the last few years, the notion of institutional logics was put forward as a response to the overemphasis on isomorphism, dominance and homogeneity of organisational structure. In spite of this, some of the foundational literature on institutional logics still focuses on dominance of logics, even if this dominance might not be permanent, but could shift from one logic to another, leading to a change in organisation.

In a study of the higher education publishing industry, Thornton and Ocasio found two logics, a professional logic and market logic. They first established the ideal types for both these logics and based on these hypothesised the influence the dominance of each of the logics would have on the executive succession within the field. Building on interviews and historical data, they showed that in the time period studied there had been a shift in the dominance of the logics,

where the emphasis had moved from the editorial logic to the market logic. By comparing the executive succession throughout the period and the dominance of the logics together, they showed that the dominant logic does indeed influence the executive succession in the industry. They claim the dominant logic influences the organisation by “structuring the attention of executives toward the set of issues that are consistent with the logic dominant within the industry” (Thornton & Ocasio, 1999, p. 837). These results were further supported by Thornton’s (2002) study of growth strategy adopted by educational publishers based on the respective dominance of the two logics.

Here, the market logic closely resembles what in the present work will be referred to as the commercial logic, and the cultural logic here is the editorial logic which in the case of the music industry is the artistic logic. Based on this, one of the possible organisational outcomes of two conflicting logics necessarily co-existing within a field is that one of the logics becomes the dominant logic and thus defines the legitimate way to organise within the given field, leading to the following possible scenarios in line with new institutional theory.

S1 One logic will become (at least temporarily) dominant within the field, and decision makers holding other logics will adhere to that logic.

However, this is not the only possible way the logics might influence the field. The conflict between the two logics, could lead to a divisionalisation within the organisation where the logics dominate different departments or parts of the organisation.

Through an inductive case study of a non profit organisation, providing housing and other support for poor parents as to set them up on a more sustainable path in life, Binder (2007) found that it was not enough to study the institutional influence on the organisation as a whole but rather that different subunits of the organisation made sense of their behaviour based on different logics. These logics roughly resembled the professional task of each subunit. Yet at the same time as

each subunit primarily drew on a single logic, all the subunits needed to collaborate as they belonged to one organisation and thereby as a whole had to combine conflicting logics. Similarly Reay and Hinings (2009) found that competing institutional logics were managed through a collaboration between different groups. In the field of recorded music this kind of division, into groups or departments, could be argued to occur along the divide between the artistic and non-artistic division of the record companies, leading to the following scenario.

S2 Decision makers will use one logic in one part of the organisation and another logic in other parts of the organisation. Which logic would be applied in which part of the organisation, would depend on the content of the logic.

Yet not all organisations seem to manage to combine two conflicting logics within an organisation. In a case study of a non profit group, Stone (1996) found that the small non-profit organisation, which grew to become an important service provider for the state, could not handle the two conflicting logics and split up.

The two logics that needed to be incorporated clashed over fundamental beliefs about citizen participation and this ultimately lead to a split of the organisation. This created two organisations holding different logics, even if they were working within the same field. Based on these empirical findings, the third scenario deals with incompatible opposition:

S3 Decision makers emphasise one logic over the other but do not necessarily choose the same logic. Fields where decision makers adhere to different logics will split into two, leading to two different modes of organising within the field.

Theoretically, there is nothing which states that one logic will necessarily become dominant in the organisation (as seen in the outline of legitimacy and the strength to which the logic is held). Rather, the struggle between the logics might simply continue in a seemingly balanced way. That is, even if the struggle

continues, this does not necessarily lead to dominance of one logic over the whole field, or even within an organisation in the field, such as described in S3.

This situation has for example been the case in the Danish national theatre where an accounting logic and the artistic logic have struggled in a dialectical way from the time the theatre was founded. For the national theatre both the accounting logic and the artistic logic are a source of legitimacy, for the organisation as a well run art establishment (Mouritsen & Skærbæk, 1995).

In an ethnographic study of a rape crisis centre in Israel, Zilber (2002) found that two logics, the feministic logic on which the organisation was founded and a professional therapeutic logic brought in by younger generation volunteers, fought for dominance of meaning of the support offered. Zilber argues that by only looking at the meanings, one would deem the newly arrived therapeutic logic to have become the dominant logic, but by studying both meaning and actions she found that both logics influenced the organisation and that the dominance of the therapeutic logic was not that clear (2002). Zilber's study thereby shows that co-existence of two logics does not necessarily lead to dominance, and further emphasises the importance of not only studying the macro level, but also incorporating the micro level and studying actions. Here we can further see the importance of individual actors in maintaining or establishing actions according to a logic, and through this action influence the organisational structure of the given organisation.

The last mode, where two conflicting logics can co-exist within a given field without one being dominant over the other, is presented as a hybrid by D'Aunno et al. (1991) in a study of mental health care. They examined community mental healthcare centres which had moved in to drug abuse treatment. These centres had to deal with dual demands from respectively the mental health care logic and the drug abuse treatment logic, which led to the clinics incorporating seemingly conflicting practices.

Studies of the rhetoric of organisations have further shown how rhetoric has been used to combine two or more logics. The big five accounting firms for example used rhetoric to justify merging law and accounting when they bought up law firms (Suddaby and Greenwood 2005). Furthermore, a study of the rhetoric of bids for architectural projects shows that architects attempt to combine multiple logics by applying rhetoric from multiple logics (Jones & Livne-Tarandach, 2008). These findings lead to the fourth and final scenario.

S4 Those decision makers who do not strongly adhere to either logic, will attempt to combine the two logics to maintain legitimacy by means of association with at least one of the legitimate logics.

The above scenarios outline four different modes in which the field can be organised. S1 suggests the dominance of one organisational form based on the dominance of one logic. S2 suggests one dominant organisational structure where the two logics are each dominant in one part of the organisation. S3 suggests two organisational forms co-existing within the field where each one reflects one of the two conflicting logics.

Whereas the first three hypothesised scenarios all deal with dominance of some sort, the fourth scenario does not envision dominance but rather a hybrid form, where an organisation combines the two logics. The scenario does, however, not assert any particular way to combine the two logics and thus allows a wider range of different forms within a given field.

These four plausible scenarios will in the following chapters be used to gain better understanding of the organisation of the recorded music industry in the UK.



Creative industries have been selected as a fields where the conflict between cultural and market aspects of logics is played out in a fairly prominent way, as seen in studies by Townley (2002) and Mouritsen and Skærbæk (1995). This chapter first gives an overview of how the literature on artistic creativity and its economic organisation has developed before narrowing down to outline the organisational literature on the recorded music industry.

#### 3.1 FROM CULTURAL ECONOMICS TO CREATIVE INDUSTRIES

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The study of creative industries, as a worthwhile topic of study, is often traced back to Caves' 2000 book, *Creative industries, contract between art and commerce*. There he defines creative industries as "industries supplying goods and services that we broadly associate with cultural artistic or simply entertainment values" (Caves, 2000, p.1). Yet the concept of creativity, even if we limit the definition to artistic creativity, is elusive and difficult to define. We understand it to refer to something new and unforeseen and, thus, it is almost built into our understanding of creativity that if we would manage to fully define what it is then it would no longer be creative (Pankhurst, 1999). This does make a study of creative industries somewhat problematic or at least different from 'traditional' industries. This means that any theory, which by definition aims at being predictive, would have to take this unpredictability into account.

Caves lists seven aspects in which creative industries differ from other humdrum (where humdrum refers to the 'non' artistic aspects) industries:

- Demand is uncertain
- Creative workers care about their product
- Some creative products require diverse skills
- Differentiated products
- Vertically differentiated skills

- Time is of essence
- Durable products and durable rents

Although emphasising how creative industries are different, there is no direct reference to the artistic element of creativity in his list. The care creative workers have for their production touches upon this aspect, as well as his distinction between humdrum and artistic activities, but creative elements referred to in the title does not get special attention, only the outcome of the creative process. In this Caves belongs to an emphasis referred to as the production perspective (Peterson & Anand, 2004).

Although being the one to label non-artistic activities within creative industries 'humdrum' Caves is not the first economist to point out the difference between humdrum and artistic activities, these have been studied under the headings of cultural economics and cultural industries for years.

Cultural economics is a branch of economics that deals with the arts. These trace their beginnings to Baumol and Bowens' book *Performing Arts: the Economic Dilemma*, published in 1966. To some extent the dilemma is still not resolved and cultural economics have been criticised for overly emphasising economic justifications for the public support for the arts (Towse, 2003). Even if this is to some extent true and cultural economics linked to elitist arts, which further have been deemed not to be economically viable, this is not the only line of study in cultural economics. In an overview Blaug (2001) lists the main themes of study under the umbrella of cultural economics.

- Taste formation
- Demand and supply
- Industrial organisation
- The art market
- Economic history of the arts
- Artistic labour markets
- Baumol's cost disease
- Public subsidiaries for the arts



Looking at these it seems to be only the empirical field that gathers these together, as the topics would fall under different subcategories of economics. It has even been argued that cultural-economics are not simply economics, but “located at the crossroads of several disciplines; art history, art philosophy, sociology, law, management, and economics” (Ginsburgh, 2004, p. 758). Yet the creative or cultural fields are different enough from other fields of study within economics to generate a hyphen in the same way as in education - and health-economics. In addition to the above list we could further add the emphasis on geography, and the role of arts in regional development. An extensive overview of the growing literature on cultural/creative industries along with economic geography has been written by Gibson and Kong (2005).

There has been diverse interest in ‘creative industries’ from economic or commercial perspective. In 1972, Hirsch studied the cultural industries to try to understand the ‘nobody knows’ effect in demand and in an article revisiting the cultural industries he provides an overview of cultural industry research reaching back to the 1940s (Hirsch, 2000). It can, thus, not be said that the study of the arts from an industry or for profit perspective, is an entirely new theme.

### 3.2 ARTISTIC CREATIVITY

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In research on creativity the focus has very much been on (unquestionably) creative individuals such as Gardner’s work on, among others, Picasso (1993). Yet others have emphasised the social context of creation (Amabile, 1996; Csikszentmihalyi, 1997).

Csikszentmihalyi compares creation to the tree that falls in the forest. If no one hears it, it is not creativity. In this view, creativity exists only in a social context with an audience. The audience consists of laymen, the ordinary buyers of music as well as professional critics and other artists, or what Becker (1984) refers to as art worlds. For the institutional logic being discussed here it would be the

conversation between the professionals and educated laymen and the artist which is often listed as of central importance in the creation of an understanding of what is artistically creative. The definition of what creativity is thus constantly defined as the ideology is embedded in all artistic fields.

The importance of the historical aspect of institutional logics has already been outlined and in the book *Creativity, Communication and Cultural Value*, Negus and Pickering (2004) present an historical account for creativity, starting with the divine understanding of the world, pointing to God as the only creator and humans as merely working towards the spiritual understanding of human creativity. In the romantics' view, as opposed to the emphasis on rationality and progress of the enlightenment, this has translated into our present understanding of creativity as individual expression at odds with any kind of control. They further point out how, while this self expression is believed to be spoiled by commercial activities, the two have at the same time come to be bound together in the modern economy (Negus & Pickering, 2004). The artistic logic thus seems to have been defined as in opposition to 'rationality' or efficiency which has been defined as the market/commercial logic, from the start.

As Negus and Pickering (2004) claim, this means that the artistic logic emphasis is to be at odds with any kind of control and that commercial activities might even spoil the endeavour. This makes the two logics of art and commerce fundamentally opposing, as it is one of its sources of means of the artistic logic to be opposed to the commercial logic.

Yet not everyone is of the opinion that the two, culture and commerce, are irreconcilable. Cowen (1998) argues that they are not opposites but rather that commercialisation has facilitated cultural or creative productions. He points out how capitalism and mass production have allowed more artists to produce and sell their art and that the same market has often allowed them to work in art-

related jobs, providing an income big enough also to allow for them to produce their art independent of popular taste.

The capitalist system further allows for niche segregation of the market. An artist does not need to be all things to everyone, but can sell his art to a small community of consumers that appreciate his expressions. Whereas Cowens (1998) emphasis on the co-existence is made on the macro level, where opposition is on an abstract level, the present work aims to look at the micro level how individual decision makers deal with the conflict. But before looking at the empirical field findings let us look at the organisational literature on the recorded music industry.

### 3.3 THE MUSIC INDUSTRY IN STUDY

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In the music industry the last 25 years have been a time of enormous platform changes. It has gone from selling vinyl records, to cassettes, to CDs and last but not least to digital files over the Internet. Yet the organisation of the production and sales of recorded music has been quite stable during these years. Artists are signed to record labels, which pay an advance and make it possible for the artist to record the music, then the record label organises the distribution, marketing and sales of the record outlined in the introduction. The structure of the industry has further been quite stable, with the industry internationally divided into two groups, majors and indies. The four international conglomerates, EMI, SonyBMG, Universal and Warner, referred to as majors, jointly control around 80% of the western market. The rest is shared by the thousands of independent labels.

This 80/20 division is most prominent in the western world, North America, Europe and Australia. In other regions the independents' share is slightly higher, or around 30%.

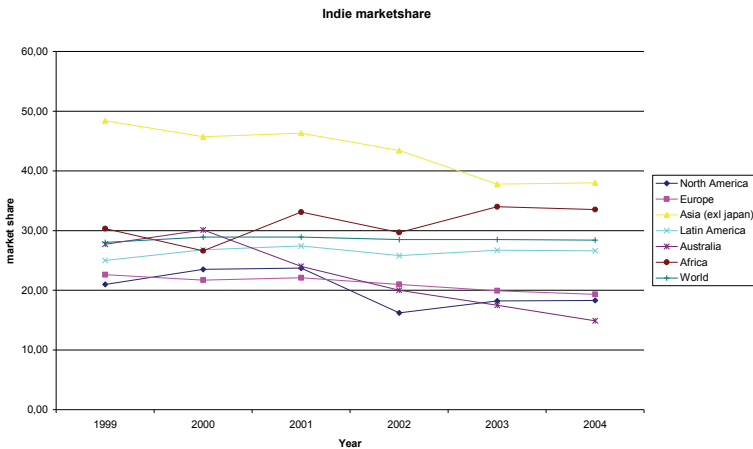


FIGURE 2 - INDEPENDENT MARKET SHARE BY REGION

In Asia in particular, the independent sector held over half of the market share. This is mostly on account of a very different structure of the Japanese market where the biggest record company is a local one, and where the majors jointly hold only 32% of the market. However, for the western market the division between the majors and indies is quite stable at 80/20. With 80% of the market concentrated and divided by only four conglomerates.

The most common focus of organisational papers on the music industry is upon the concentration of the industry and the effects this has on the rate of innovation. The concept of concentration is closely related to the discussion in the industry itself about the division of the market between majors and indies, where the higher the proportion of the majors, the greater the concentration. Innovation is further an important aspect of music industry, as pointed out by Gander and Rieple (2004) and Lorenzen and Fredriksen (2005), particularly as the price for a record/single is mostly fixed and the competition thus does not revolve around the price but content differentiation. Record companies, thus, continually have to come out with new records/songs to sell.

The overview of the literature on the industry structure in the recorded music industry is here divided into two subchapters; the first focuses on the trade off between concentration and innovation, the second focuses on the value creation within the field.

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### 3.3.1 CONCENTRATION VERSUS INNOVATION

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Dowd (2004) traces the concentration vs. innovation argument in the literature in the music industry back (historically) to Schumpeter's argument that there is a positive relationship between concentration of an industry and innovation rate, as only the bigger firms have the capacities to conduct the research necessary for innovation. This argument was later countered by the idea that inertia created by the hierarchical nature of big firms was counterproductive to innovation. It is on this basis, Dowd claims, that the first paper by Peterson and Berger (1975) on concentration and innovation in the music industry is written. In it Peterson and Berger hypothesise that increased concentration would result in a less innovative environment, measuring market concentration by the number of firms penetrating the weekly top 10 single charts using chart information from Billboard and calculating the share of the top four firms (now referred to as the majors) of the market (defined as the top 10 single sales). In the period they studied (1948-1973) the market concentration ranges from 89% down to 25%. They then divide the period into five sub-periods and argue that the data give a cyclical account of periods of great concentration followed by bursts of innovation when more labels are able to penetrate the top 10 list.

Although the data end before a full cycle can be seen they argue that the burst of innovation will again result in increased concentration as the industry again seeks to organise more efficiently with more control over the production of the music and its distribution.

Lopes (1992) takes up the thread where Peterson and Berger (1975) leave off, studying the period 1968-1990 and goes on to show that in spite of the predictions of Peterson and Berger that there will be cycles in the market between concentration and diversity, the market seems to have stabilised. With the majors' strong position on the market, diversity has been secured through what Lopes calls 'open systems', where the majors use independent labels as a source of innovation. This open system approach could possibly support the findings of Alexander (1996) which indicated that innovation in this market indeed is highest when concentration is neither very high nor very low.

Dowd (2004) offers a historical outline of the period under study in the above papers (1948-1990) discussing how the conservative attitude of the majors led them to ignore rock and roll in its early years. History does, however, prove that rock is here to stay and in spite of the closed doors it met with by the majors it found its way onto the market. His claim is that by learning from this experience the majors have adopted a less conservative Artist and repertoire (A&R) strategy as shown by Lopes (1992). This new A&R strategy is, for example, implemented through decentralised production with subsidiary labels and a broader range of production (Dowd, 2004).

This open system approach to innovation is in many ways similar to the entrepreneurial strategies in dealing with the turbulent market environment in the music industry, as they were described in an earlier paper by Peterson and Berger (1971). There they list three main strategies involving, first, separating the A&R activities from other segments of the organisation thereby minimising the influence of inertia of a big firm on the A&R function. Secondly, the entrepreneurial role is limited to a group of specialist A&R personnel who, thirdly, have limited financial control. Thus no single A&R person makes all the entrepreneurial decisions although management of the organisation still holds the financial control. This could be interpreted as an argument for S2. Where, through divisionalisation, the A&R function of the record label is relieved from the pressure of the commercial logic in order to be more creative /innovative.

One could argue that the concept of innovation is ambiguous for the music industry as it is generally believed to be bursting at the seams with artists wanting to promote their music. Still, not all of that music entails innovation. In the papers discussed above innovation is related to diversity, or to music that breaks the pattern of the music already in the charts. This is in line with Becker's (1984) definition of an artistic innovation as a departure from existing convention. In the music industry this would be equivalent to a new genre such as rock and roll. This understanding of innovation refers to the content of the production, and is, as such, related more to the artist composing the song, than to the organisation recording and marketing it. Castañer and Campos (2002) do, however, point out that there is also considerable risk in adopting and putting artistic inventions onto the market.

Based on this they argue that diversity of funding is positively related to artistic innovation, referring to non-profit production of art. This proposition could also be an explanation of Alexander's (1996) findings that innovation was greatest at the time of neither high, nor low concentration, but rather when there was a diversity of organisations (both large and small) to which artists can take their inventions (the music) to be produced and marketed. This could be interpreted as an argument for S3 where there are companies operating within the field based on both logics and thus offering alternatives, to both those that value the artistic and the commercial aspects, of recorded music.

Related to the above treatment of innovation and concentration is Anand and Peterson's (2000) description of duality in field structure. They produce a list of the three following ways that creative industries are structured:

Many small competing firms producing a diversity of products. (*dominance of the artistic logic*)<sup>3</sup>

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<sup>3</sup> Note in brackets added by the author of the thesis.

A few vertically integrated oligarchic firms that mass produce a few standardized products. (*dominance of the commercial logic*).

A more open system of oligarchy composed of niche-market-targeted division plus many small speciality service and market development firms where the former produce the most lucrative products and the latter produce the most innovative (Peterson & Anand, 2004). (*co-existence of the logics*).

The third organisational form, Peterson and Anand argue, is the current one but all three have at some stage been present and the music industry moved between them. Others have argued that the industry, in spite of Peterson and Berger's claim that it will move back to the second form, has been stable in the third phase (Lopes, 1992). If this is the case, it could be argued that the two previous organisations of the industry were steps on the way towards equilibrium where the two found a balance.

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### 3.3.2 VALUE CREATION

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The stable division between the majors and indies might be a result of the division being the most economically efficient organisation of music production. One way to study whether this holds true would be to use the tools of transaction cost economics (TCE). Yet Gander and Rieple (2004) argue that the recommendation of TCE would be to face the uncertainty of the rapid innovation process by buying or merging with the indies, incorporating product sourcing and development activities into the firm. This recommendation did, however, not match the data they collected on collaboration between firms in the industry. Of the 105 major/indie inter-organisational agreements they found during the period of 1993-1999, there were only 31 acquisitions, the other 74 being contractual agreements of some form. The reason they suggest that the contractual agreement is chosen rather than the merger, in spite of what they



argue would be TCE recommendations, is to be found in the nature of the value creation in the industry. Indies have an advantage of some kind, making them better equipped for dealing with the initial stages, identifying new talent, and initiating new musical movements; variables that TCE is not able to capture. TCE does thus not seem to fully explain why the distinction between the two groups continues to exist in such a stable way and does not fall into the expected movement between concentration and innovation that Peterson and Berger (1975) predicted. As this would be facilitated by a burst of mergers following a burst in innovation as the small and bigger labels sought to exploit the innovations.

Gander and Rieple's (2004) conclusion is that there is a quality to the production of music which TCE is unable to capture - the wish to remain small and to emphasise artistic creation rather than the exploitation of art. Thus indicating that the division is a function of the two logics the commercial and the artistic. The weakness of Gander and Rieple's argument is that they assume that asset specificity of the independent labels is their ability to sign artists based on their artistic credibility. Yet with the artists able to move from one label to another there is nothing stopping an artist from moving to a major later with his sights set on the high sales majors are able to produce. The asset specificity would in this case be to be able to retain an artist as his reputation grows. And in this the indies would be expected to become more like the majors and/or merge with them. Yet this does not seem to be the case with the increasing divide between the two sides (see figure 6, p. 56) and fewer than expected mergers (Gander et al., 2004). TCE does thus not seem to be able to explain the division and lack of movement between the sides. There seem to be other aspects than lowering transaction cost created by the asset specificities.

If profit was the only aim of all firms, they should all strive to organise in such a way as to be able to take advantage of the economies of scale, e.g. with a merger. In this respect the size of the majors give them economies of scale in the distribution side of music production, giving them access to the best space in

retail and the financial ability to secure air time, which, with increasing decentralisation of media, is getting more expensive. These economies of scale seem to be necessary to have the funds to create superstars and, thus, an important part of making profit from music production.

The profit seeking label strives to produce music that sells, mostly by producing music similar to the music already selling (according to the charts). Their emphasis is on those that they believe to be capable of becoming international stars and the already existing back catalogue (Power & Hallencrautz, 2003). Further, the emphasis is strongly on distribution and marketing, creating stars and hits.

Wanting to become 'mini-majors', i.e. to organise work in the same way as the majors do, however, does not seem to be the case with (most) independent firms, as can be seen in their attitude of wanting to produce good music and not to 'sell out'. In contrast to the majors, many of the indies seem to have an attitude of 'art for the sake of art' rather than production for the mass market and profit. Hesmondhalgh (1999) claims that this attitude can be traced back to the punk years, when the production of music was tied to political opinion and the aim of music production was, thus, very different from the profit making aim of the majors.

In this Hesmondhalgh (1999), similarly to Gander and Rieple (2004), emphasises beliefs about artistic creativity over the more traditional economic explanations referring to market conditions. Hesmondhalgh (1998) further found that the politics of anonymity in dance music have led to a different organisational structure from the profit maximising aim of the majors. Similarly, Clark (2004) has shown that the belief that decentralisation and democracy facilitate creativity has led to an organisational structure less rigid than that of the majors.

Based on the above review, the literature on organisation in the recorded music industry has mostly focused on the division of the field indicating that this division might not be fully explained based on the commercial aspects of the

production. This supports the need to understand the conflict between the two logics, the artistic and the commercial, to be able to understand the organisation of the field. Yet very few of the studies of the music industry look at how decision makers deal with this conflict between art and commerce and how they organise the work process in their companies. That is, how decision makers might take the artistic creativity into account in organising a for profit business.



The recorded music industry has been undergoing some changes. In the last few years the vinyl record has long been replaced by the CD which is currently losing out to downloading<sup>4</sup>. Yet the music is still in a recorded form and it is the organisation of the finding, recording, distribution and marketing of the recorded music, which is the focus of the research and the reference to *recorded* music industry thus referring to the *recorded form* of the music when it is sold, not the platform.

The process from finding to selling music is usually organised by firms referred to as music labels or record companies. The difference between the two, being that a record company can have more than one label. In the present work the field of study is defined as the recorded music industry framing the research around the labels and how they organise finding, recording and selling music.

The selection of the record company as the organisations studied is based on the central roles record companies have in between the artist and the market, where it is the role of the record company to sell music (artistic logic) in order to make profit (commercial logic) for both the artist and the company. The record company is thus believed to be where the artist or commercial logics are most likely to be in conflict.

Until now any reference to 'the music industry' or the 'recorded music industry' has been very general, referring to one united industry. At the same time it is not very accurate to talk about one international industry as it differs in many aspects from country to country. One could possibly argue that in what is generally referred to as the western world there is one music industry, while much of the rest of the world does not share many of the established rules of 'the' music industry. Intellectual property rights (IPR) are for example largely ignored in

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<sup>4</sup> Although the Vinyl is making somewhat of a comeback with the growing digital sales (BPI 2007)

China where pirate copies dominate the retail market (The News, 2007). Yet even if we limit 'the music industry' to the western world there are still slight differences between countries e.g. in the way that royalties are collected.

The UK music industry was chosen as a case for the research part of this thesis. This decision was grounded in the knowledge that it is the third largest in the world and has established more internationally successful artists than most of the other national industries, apart from the US. Based on this the UK industry should at least contain most (if not all) elements of the international (or western) music industry. Still, even if limited to the UK, the term 'the music industry' is very broad and includes more structural aspects than we immediately think of when listening to music. Writing, performing, and producing music all include creation of intellectual property which needs to be managed, thus, making the industry very complicated legally. The calculations of these rights are further not the same in the various countries the music is sold to, nor for all platforms, making the export of music from one geographic location to another very complex.

In a guide book on the music industry the Association of Independent Music (AIM) provides an overview of the industry taking into account all aspects from the artistic talent to the audience (AIM & Wilder Sapte, 2001). For the present purpose, the focus will be on recordings and sales of recorded music as indicated by the frame on figure 3.

The field of study in the thesis could thus be defined as the commercial production of recorded music. The reference to 'commercial' means for profit production of music, thus excluding publicly supported production, promoted for its cultural importance. By 'recorded' the definition is limited to the part of the industry which records music and sells, thus excluding the live performances which are still an important part of making the music industry a viable career track for many artists<sup>5</sup>.

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<sup>5</sup> Throughout the thesis the term 'the artist' in singular will be used to represent any 'act', be it a band or a singer or a songwriter.

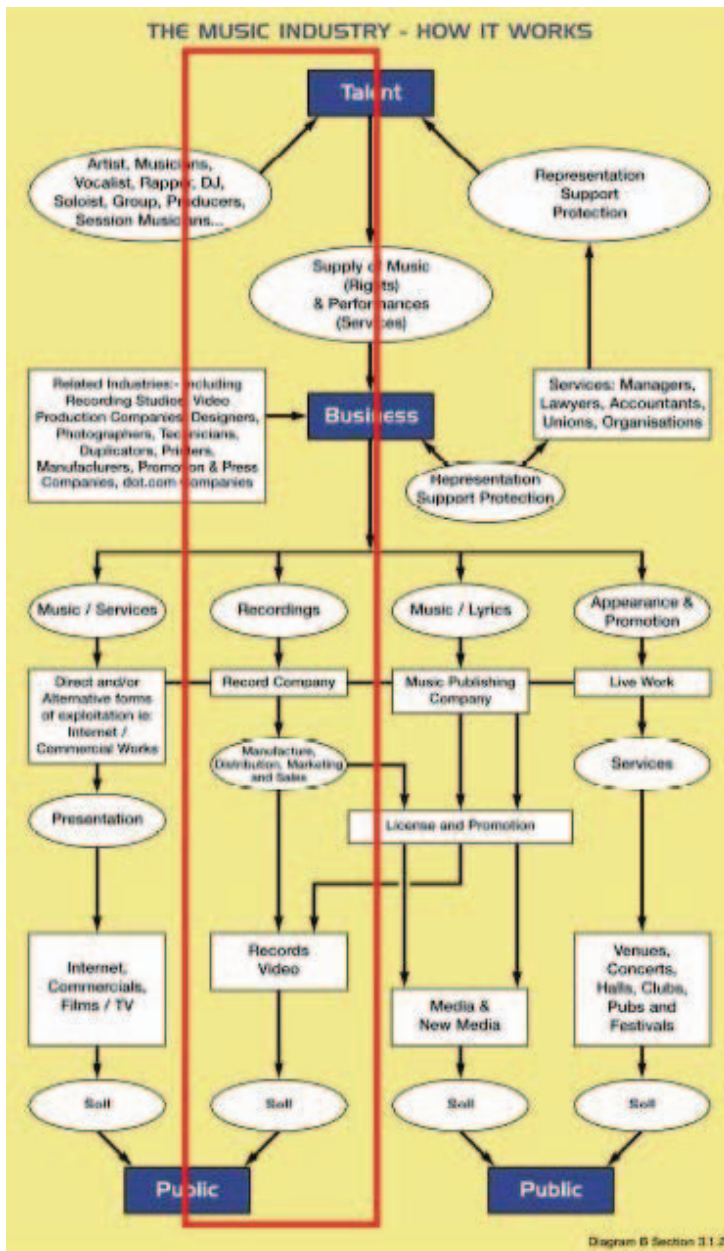


FIGURE 3 - THE MUSIC INDUSTRY - HOW IT WORKS (AIM & WILDER SAPTE, 2001)

Information about market share<sup>6</sup> by record company in the UK is available unbroken from 1983<sup>7</sup> and are here used as an indicator of the relative size of the record companies. Using this as an indication as to the relations of market dominance thus a company with 8% market share is assumed to be more influential in the market than a company with around 1% (even if 1% is still a fairly large independent company). The market share statistics of the field of recorded music industry are taken from the BPI yearbooks assuming that their market share information is a reliable description of the industry.

#### 4.1 THE UK MUSIC INDUSTRY IN FIGURES

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A report from *Creative and cultural skills* (2007) shows that the creative and cultural industries are of importance in the UK with the creative industries making up 3,7% of the UK total Gross Value Added (GVA) in 2004<sup>8</sup>. In the GVA/employee ratio the music industry<sup>9</sup> had the second (to advertising) highest rating, £40,780 compared to the cultural and creative sector average of £34,940. Of all the cultural and creative sectors the music industry is the only one where employment has been going down. This corresponds to the falling total sales of music in the world, claimed to be a result of increased illegal file sharing and digital sales not making up for the drop in physical sales (IFPI, 2007).

The music industry still employs 95,010 people and is the third largest of the cultural and creative industries or 17.5% of the cultural creative industries in general (arts being the biggest with 34.4% and design second with 33.3%). Out of these 47% are self employed, which is much higher than the national average of

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<sup>6</sup> The market share by album sales where used as some of the smaller labels do not participate in the singles game.

<sup>7</sup> The data from before 1983 were collected in a slightly different way, and will thus not be used in the current work. The same or similar data are not available for any of the other major music markets.

<sup>8</sup> All the following figures refer to 2004 and are taken from the report *Footprint compiled by Creative and Cultural Skills*.

<sup>9</sup> Here the music industry is referred to in a broader sense, including all aspects of figure 3.



12%. Those who work in the industry are predominantly white (95.5%) male (69%) and over a quarter under 30 years of age, making it a very young work force.

As indicated by the high percentage of self employment, the music industry is dominated by small firms. With 77.8% of the businesses in the industry employing fewer than five people (although this is slightly lower than the creative cultural sector average of 84.7%) 13.2% have 5-9 employees, 5.2% employ 10-19, leaving only 3.8% with more than 20 employees.

The same is reflected in turnover figures, although the average turnover of firms in the music industry seems to be slightly higher than in the cultural and creative sector in general. Two-thirds (66.6%) of the firms have turnover of less than £250,000.

From these figures it is clear that this is an industry of small firms with only a handful of very large firms. The figures presented above cover all of the music industry in the UK. For the present purpose the focus is however on the record companies. Defining the field of study as the recording part of the music industry, more specifically referred to as the recorded music industry, excludes other aspects of the industry. Looking at the market share figures for the recorded music industry it is clear that there is a distinction between small record companies (under 4% market share) and the larger international conglomerates and within the last few years there has not been any movement from the smaller group to the larger one.

If we, however, look further back we see that this picture has in the past not been as clear as it is today. Yet even in the period from 1983 there are only two 'indie' labels which break the 4% market share barrier, Telstar and Virgin. Most labels in the market remain with a market share under 3%; the majority of these have under 1% market share, as can be seen in figure 4.

### Record companies marketshare top 40

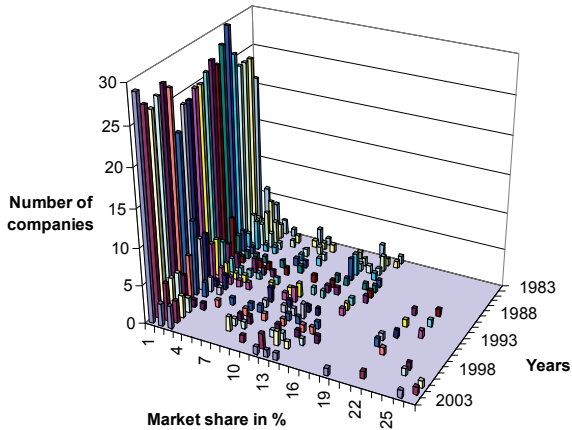


FIGURE 4 - TOP 40 RECORD COMPANIES' MARKET SHARE<sup>10</sup> (SOURCE BPI YEARBOOKS)

If we look at the market share of the record companies by album sales in the UK it is clear that no firms having market share between four and 10% is a relatively new phenomenon, reaching back only to around the turn of the century. Although even before that time the middle ground was not highly populated, in comparison with the smaller organisations.

The next figure 5 takes a closer look at those who break the 4% market share mark (Telstar and Virgin) and close in on and even surpass the market share of the majors. As indicated by figure 4 there are in all six majors listed and indications of name changes prior to the period studied. This shows how the landscape has changed through mergers in the period up to the Sony-BMG merger. The most visible merger in the period is between Universal and Polygram, where Universal, with only 4.5% of the UK market, took over Polygram

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<sup>10</sup> The period 1983-2003 is chosen as it gives the most accurate representation of the market. A change in the mode of compiling market share data makes it hard to compare the numbers from before 1983 with later years, and numbers from 2004-2006 although available are confusing due to a 'half' merger of the figures for Sony BMG. The data for these years do, however, support the division between the big and small with the gap widening if anything.

with its 21.3% in 1989, thus showing that mergers are by no means impossible in the industry. This establishes a growth path for independents, if growing market share was on their agenda.

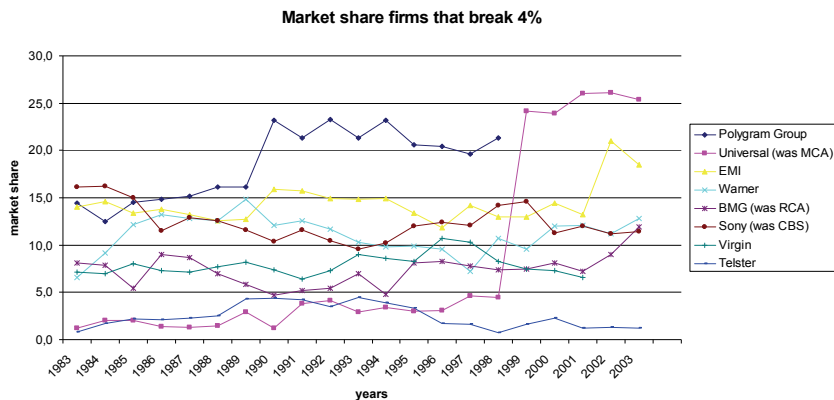


FIGURE 5 - FIRMS THAT BREAK 4% MARKET SHARE 1983-2003 (SOURCE BPI YEARBOOKS)

Taking a closer look at those who by some mean reached up from the lower market share levels there are three incidents of this. Looking at Universal acquiring Polygram Group, this is not a case of a local firm growing to become the dominant firm as it might at first seem, but a case of an international firm, that although small in the local market was big internationally, taking over another multinational label in crisis (Bakker, 2003).

Telstar started out its life as a compilation label but later moved into signing artists, a move that proved fatal as they went bankrupt in 2004. The label was very closely connected to BMG (The Sunday Times, 1999) and based on ownership it might have qualified as an indie according to the definition of AIM (with less than 5% of the world market share and at least 50% own equity), yet

with the close collaboration with BMG it would be questionable if the record company would have felt a reason to belong to an indie association.

Virgin was founded by Richard Branson out of his established music retail chain and grew to an impressive 7.5% of the UK market. At the same time the Virgin Group was growing and what started as a small UK music mail order became an international business with other interests than production of music and finally, selling the UK record label off to fund other activities within the group (Branson, 2004).

From the two cases, Telstar and Virgin, it is clear that it is economically possible to cross the 4% market share barrier, but even if this is possible there is not much movement from one side to the other.

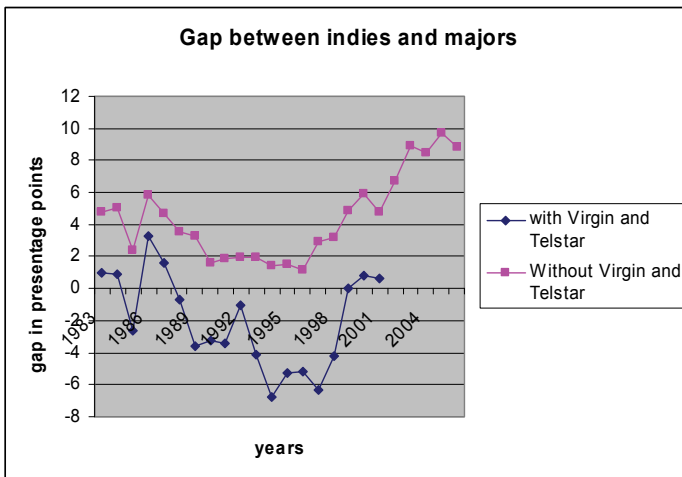


FIGURE 6 - GAP IN MARKET SHARE BETWEEN THE BIGGEST INDIE AND SMALLEST MAJOR (SOURCE BPI YEARBOOKS)

Figure 6 shows the gap in market share between the largest indie<sup>11</sup> and the smallest majors. With a simple t-test, the gap between the smallest major and the

<sup>11</sup> Here indie only refers to the smallness, less than 5% market share as there is no way to know about ownership based on the market share data.

biggest indie, excluding Virgin and Telstar, can be proven to be positive at 1% significance level. Indicating that the indies stay small and the majors continue to have high market share.

This happens at the same time as the market share of the independents has been shrinking as figure 7 shows, although it can be argued that the market share has been stable in the last four or five years. In this time the indies have had about 20% of the market and the gap between the largest indie and the smallest major has been around nine percentage points.



FIGURE 7 - TOTAL MARKET SHARE OF THE INDEPENDENTS (SOURCE BPI YEARBOOKS)

In light of these figures the question still remains as to why the divide between the two groups seems to be becoming bigger in spite of changes which economically should make it easier to cross over the 4% market share barrier, as digital distribution is cheaper than physical distribution eliminating the economics of scale the majors have had.

The music industry has been anticipating the move from physical CDs to a dominance of online distribution of music for years. This started happening through illegal file sharing towards the end of the last century. The music industry was, however, late in adopting the new platform and it was not until 2006 that online sales of digital music files really took off in the UK. The digital sales share was biggest in singles. In 2006, 64% of all singles sales were digital (Talbot, 2007), and at some level the digital sales could be said to have saved the single format which, although traditionally strong in the UK, was on its way out. The digital sales trend, however, reversed the decline of the single. Online consumers tend to buy a single song rather than the whole album. This is reflected in the digital sales of albums, which are only 1.6% of total album sales (Talbot, 2007). The difference in the online and physical sales of music further means that, even if digital sales are beginning to catch up, it is still not enough to make up for the declining record sales (IFPI, 2007). This is true even if the UK stays ahead of the curve of the digital sales, starting to make up for what is being lost in physical sales (BPI, 2007).

The move to digital sales has led to some structural changes; in particular of how best sales charts are put together<sup>12</sup>. This was done because an online single is available much longer than the physical single, leading to older songs finding their way onto the singles charts and even making it onto the chart although a physical single has not been released (Williams, 2007). Yet, in spite of claims that majors cannot sustain their spending with the smaller online margin and that the time of the indies has arrived, there does not seem to be any sign of a larger structural change in the industry. To quote the concluding words of the editor of Music Week on the recorded music market in 2006:

... it was a year in which the majors – most particular  
Universal and Sony BMG – dominated like never before. Given

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<sup>12</sup> Traditionally a single was not eligible for the single chart after the physical copy was pulled out of sales

the size and domination of these two “super” Majors the rest of the industry will really have its work cut out in 2007 trying to play catch-up. (Cardew, 2007)

In the UK market the division between the two sides is, if anything, stronger than it was in the previous years (see chapter 2.2). This is very clear if we look at the last quarter of 2006 when the market share by record company, the five biggest, was:

- Universal 37%
- Sony BMG 24.8%
- EMI 16.2%
- Warner 9%
- Ministry of Sound 1.7%<sup>13</sup>

On the official downloading charts (for both singles and albums) the indies were almost nonexistent, which Martin Talbot, former editor of Music Week, concludes “appears to confirm the concerns that independents face an even tougher task making an impact in the digital arena” (Talbot, 2007)

In light of the technological changes in the period under discussion, and the further changes these have generated, it is remarkable that there have not been drastic changes in the way the recorded music industry is organised. This does indicate that the division, based on the two logics is quite stable and not even a technical jolt to the field seems to change the division.

#### 4.2 PROCESS OF RECORDED MUSIC

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Building on the central focus of the record company in the definition of the field of the research, the listing of the important actors in this process and the forms of their relationships within the field will be discussed from the point of view of the

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<sup>13</sup> Source Music Week

label, starting with the relation to the artist and moving onwards towards the end point of selling the music to the customer.

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#### 4.2.1 ARTIST AND LABELS

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The relationship between the artist and label is possibly the most discussed relationship within the music industry. Labels, especially the bigger ones, are alleged to sacrifice the relationship on the altar of money, making ‘rotten’ deals and generally ‘abusing’ their artists. This view may be partly valid if we trust accounts such as *Hit men and powerbrokers* (Dannen, 2002). “Back in those days”, admits Doherty [CEO of Sony BMG] “the record company was the enemy” (Williams, 2006). Yet, it should be obvious that in the long run mutual respect between the artist and label is in the best (financial) interest of the labels. As described by Doherty in an interview in *Music Week*. “Executives wouldn’t have a job if it weren’t for the artists and, unfortunately, there are too many executives who forget that” (Williams, 2006).

The main responsibility of communication between the artist and label is in the hands of the artists and repertoire (A&R) manager. The A&R people are responsible for finding and maintaining the relationship with the artists signed to the label. This relationship can be said to start on many different levels. The artist might have been discovered through a demo tape sent to the label, although this allegedly rarely happens, given the vast numbers of demo tapes the labels tend to receive. A more common way is that a band is brought to the attention of the A&R manager by an A&R scout, a music lawyer, or some other industry insider. When a band has been brought to the attention of an A&R manager the next step is to assess it and, if the conclusion is favourable, to start negotiations with the artist. How advanced in the production of their music the artists are when approached by a label differs, ranging from the label gathering talented individuals together to form a band, or to embark on a solo career performing music written by a third



party, to the most familiar version of this story, where the artist has the music, which he/she then is looking to have produced and recorded at a recording company according to a deal he/she has secured. With the technical advances in recording, reducing the cost of recording, artists increasingly have an almost ready made record at the start of negotiations with a label. In some cases the artist even has gained some following through “gigging” or online, e.g. on myspace.com.

By performing a greater part of the production process themselves, the artists gain increased control over the artistic process. Thus they are able to plan the record and recording according to their own liking, without the influence that the labels would, in some cases, like to have over the ‘marketability’ of the end product.

But artists do not have to wait around for a label to come along, they can themselves start a label around their own production. This is the origin of many of the independent labels which also eventually sign other artists. These labels mostly start out as very small, only producing one or two artists out of the bedroom of a band member or a friend of the band, and are sometimes called “cottage labels”, referring to the concept of ‘home’ production.

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#### 4.2.2 PRODUCTION AND MANUFACTURING

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Production and manufacturing refers to the tasks following the recording of an album. The recordings are mastered and the physical products, such as CD’s and/or DVD’s, produced and the metadata (e.g. song information) for the digital music made available to distributors. The visual promotion for the album is designed and printed for the physical production. Here the majors have enjoyed economies of scale were in light of the incredible volume of their production they have been able to make very favourable production deals minimising the physical production costs. These economies of scale should, however, become of less

importance with the move to the online world, where costly physical production is less of an issue.

Where the art work (design of the visual part of the album) is done varies. Increasingly the artists have a clear idea as to how the look should be and sometimes produce the bulk of the look themselves or are in direct contact with the artist that does so. They then give the raw material to a designer, either working fulltime or as a freelancer for the record company. But the label's role can also be greater in this process. Dealing with the art work of the record, the line between manufacturing and marketing gets a little blurred and the process does indeed require collaboration between the manufacturing and packaging departments and the marketing department.

In addition to packaging music videos are an important part of selling music and the decision as to which songs on the album should be supported with a video and what the video should look like further brings in the A&R department in to the production process.

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#### 4.2.3 LABELS AND DISTRIBUTORS

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Once the record is produced and manufactured the label needs to find a way to distribute it to the market. Traditionally, music has been sold through specialised music retailers who have a wide selection of music and staff knowledgeable about music, as well as through shops that are more generic and only stock a small portion of the music produced, most often the top sellers.

With the emergence of online distribution of music this part of the distribution chain is currently under reorganisation, although the full effects are not yet visible. This shift to digital distribution is not a primary focus of the thesis although a change on this scale to the industry could hardly be left out completely.

Some of the same marketing principles still apply in both the on- and offline world. The label still has to make the decisions whether to handle the distribution itself or to hire an independent distributor. There the distinction between the majors and the indies becomes clear. The majors have internalised the distribution while the indies, being much smaller, seldom have the economies of scale to handle distribution and thus outsource it to independent distributors or one of the majors.

The role of the distributor is to get the physical product to the retailers and to negotiate a place for the title in the store - a highly important task with the limited shelf-space in the offline world. In the online world the economies of scale seem to be of less importance as the physical activity of the distribution (driving CDs around to retailers nationwide) does not exist. In this case the distributors have found a new function in the handling of the metadata necessary for the online retailers, a task the indies, according to AIM's chairman, "have been notoriously bad at". Further, the task of negotiating shelf-space is still important in the online world as even if shelf-space by definition only seems to be limited to the size of the server at the backend, on the customer end it is limited to the screen size and any form of promotion on the start screen consequently becomes incredibly important. It is not enough to simply make the music available; the consumers need to know about it. This is why most of the labels also put an effort into marketing, plugging and promoting the music through all means, both in stores (on and offline) as well as into media and clubs. In fact, when the music is only made available without any promotion, this is referred to as 'shelving,' a fate almost worse than termination of the contract as the artist cannot take his/her music elsewhere while on a shelf in at least one shop under a contract with a record company.

Music is advertised in much the same way as other products; by TV, posters and magazine ads and in-store promotion material. These are often directly arranged by the label, but also sometimes in collaboration with the retailers. There are those that argue that traditional advertising does not work to sell music (unless as for information about a new release of an already established artist) as advertising is mostly a visual experience and music is audible. It is, thus, crucial that the music is played on radio, on music TV as well as in clubs. The task of getting music into these venues is referred to as “promotion or plugging”.

Like with distribution the question is whether to do the work internally or to outsource it. Here, the distinction between the majors and indies does not seem to be as clear cut as with distribution but is rather based on the kind of music in question and/or the wishes of the artist. The pluggers are divided not only by genres of music, but further by where they plug. Individuals and firms that plug and promote specialise in national or regional, TV or radio and there are even those that only do clubs and student facilities; getting the music into play where the target group is.

The importance of the essentially ‘free’ airtime has in the past led to various systems that, in short, allow the bigger firms (the majors) to ‘buy’ into what should by definition be free. The earliest of these was referred to as ‘payola’ a well established system deemed illegal in the US.

Music publishing is an important aspect of the music industry, its role being in the management of royalty and copyright of the songwriter (rather than the performer). With the uncertainty around the new platform of downloading, copyright management will most likely be of increased importance in the future.

The role of the publisher is in many ways parallel to that of the label, without the structural tensions that colour the relationship between those dependent upon each other in the production line of music<sup>14</sup> and will thus not be given much attention in the thesis.

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#### 4.2.6 INTERNATIONAL SALES

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Most of the record companies are local; only the four majors being truly multinational with offices in most markets. The global aspects of the music industry and the possible gain from reaching a bigger market with music already recorded does mean that most indies seek to distribute their music internationally. Some of the indies in the UK have offices in one or two other countries, yet the most common form for international distribution is by distribution or leasing contracts. The latter seem favoured, yet are harder to secure. In these a local record company leases the publication for its market, getting a bigger share of the profit, but also taking more financial responsibility for the distribution. Leasing contracts are favoured as simple distribution contracts lead to less support for the album as a distribution contract can be fulfilled by putting one copy of the record out on the market.

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#### 4.2.7 EDUCATION

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Although many working in the music industry are not specifically educated for the job (apart from accountants and lawyers who obviously have to have the qualifying education) specific courses are offered for those who would like to work in the industry. These are usually oriented at the management or marketing sides of the business. The colleges that offer this kind of education usually require

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<sup>14</sup> The exception to this would be artists who do not write their own music, e.g. boybands who are dependent on access to music written by others. The decision to select a song or not would, however, rather be that of the artist and the team around him/her rather than the music publisher.

from three months up to a year of work experience in the industry. These months the students work for free. The industry, both indies and majors, relies on interns as cheap labour, which can at the end of the contract be replaced by a new batch. The students of course hope that the internship will land them a paid job at the end of the term.

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#### 4.2.8 AWARDS

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##### BRIT AWARDS

BPI hosts the BRIT Awards, BRIT standing for British Recorded Industry Trust. The BRIT's are annual awards first given in 1989 when they took over from the BPI awards, founded in 1977<sup>15</sup>. Wikipedia although not a reliable academic source gives an idea about public opinion:

Strong music industry sponsorship and involvement mean that awards are given without much democratic process and, many suspect, for strongly commercial reasons. These are awards given by the music industry to the music industry. Robbie Williams pointed this out accepting an award few years back. More recently, the awards have more reflected the taste of the record buying public, with an artist needing to prove popular and chart topping before they are rewarded. (Wikipedia, 2007)

##### MERCURY AWARDS

The Mercury Music Prize is an annual award for the best British or Irish album of the year. It was established in 1992 by the BPI and BARD (British Association of Record Dealers) as an alternative to the BRIT awards. The award is generally believed to help increase sales of the winners.

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<sup>15</sup> BPI website [www.bpi.co.uk](http://www.bpi.co.uk)

In the interview study Alison Wenham, chairman of AIM, drew my attention to the fact that out of 12 nominees in 2005, 9 were signed with an indie and that 11 out of the 12 had originally been on an independent label, including Coldplay (now signed with Parlophone, an EMI label). She further claimed “it is also equally interesting that probably Coldplay will sell more than the other 9 combined”.

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#### 4.2.9 INDUSTRY ORGANISATIONS

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The industry organisations in the UK market in some aspects reflect the division of the market. The already mentioned Association of Independent Music (AIM) was founded as a breakaway from the BPI in 1999 as the BPI was believed not to serve the best interest of the indies, but rather serve as an organisation only for the bigger record companies.

#### BPI

On its website the BPI<sup>16</sup> describes itself as

... the British record industry's trade association.

Its membership comprises of hundreds of music companies including all four 'major' record companies, associate members such as manufacturers and distributors, and hundreds of independent music companies representing literally thousands of labels.

We have represented the interests of British record companies since being formally incorporated in 1973 when

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<sup>16</sup> BPI used to stand for British Phonological Institute, but any reference to this has been removed and it simply uses the acronym as its name.

our principal aim was to fight the growing problem of music piracy.<sup>17</sup>

From this it cannot be seen that there are in fact two organisations in the industry. It gives the idea that the BPI is an organisation for the whole industry. Their work for the industry they say is divided between three main areas, protection (e.g. against piracy), promotion (e.g. through awards, charts and other statistics about the UK music industry) and representation and support including lobbying and communication with media and government. In each of these aspects it is made thoroughly clear that the BPI not only represents the majors but hundreds of independent labels also.

#### AIM

On its website the Association of Independent Music describes itself as:

... a non-profit-making trade organisation for independent record companies and distributors in the UK

Our job is to help our individual members' businesses, and to support the needs of the independent sector.<sup>18</sup>

This they claim to do through:

Information, Advice, Seminars, Mentoring, Networking, Legal and Business Affairs guidance, Work Experience Scheme, Commercial Negotiation, Lobbying and Bargaining, Opening Access to International Markets.<sup>19</sup>

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<sup>17</sup> From BPI website <http://www.bpi.co.uk/>

<sup>18</sup> From AIM's webpage [www.musicindie.org](http://www.musicindie.org)

<sup>19</sup> From AIM's webpage [www.musicindie.org](http://www.musicindie.org)



Although some of the tasks on the list are the same (lobbying) or similar (legal affairs) to those of BPI there is still a clear distinction, in that the emphasis is heavily on education and training. The task seems to be to help members deal with the complications of the industry, rather than dealing with aspects confronting the whole industry as is the task of BPI. The objectives of the organisations thus seem relatively clear, and further the two even work together in the organisation of the British participation in MIDEM (the annual music industry meeting in Cannes).



Based on the above outline of the field of recorded music in the UK this chapter describes how the record companies and decision makers interviewed were selected, how the interviews were conducted and finally how the data was analysed.

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### 5.1      SELECTION OF CASES

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As already indicated the term ‘major’ refers to the (currently) four international conglomerates, EMI, Sony/BMG, Universal, and Warner, while the ‘indies’ are those that are independent of the majors. These are much smaller than the majors and as the cost of entry and exit is low there is a steady stream of firms in and out of the market (A. J. Scott, 2000). The division of the field into the two sides, indies and majors is particularly interesting for the current research, as it is a self imposed division, based on opposition and independence. Thus indicating the conflict within the field is ‘resolved’ or stabilised in opposition.

The definition of a major, with reference to the above four international conglomerates, offers a relatively clear definition for the current division of the industry, but the question still remains if this division will continue or disappear as the field matures and or if the ‘majors’ will continue to be the same as they are today if the division continues to exist. They have not always been four in the past and have during the work on the thesis seemingly been close to becoming three with a much discussed merger/takeover between Warner and EMI (Ashton, 2007). The four majors are, however, all international conglomerates, thus indicating that any record company aspiring to become a major would have to become an international conglomerate. An independent label, however, is a label independent of the majors. From the point of view of institutional theory, the division of the industry in these two sides is interesting as there is almost no movement from one side to the other, that is the independents stay small and non corporate and the number of majors has only varied as they have merged with

one another. Market share data further indicate that the dominance of the majors is quite stable, and the independents have rarely made it above the 4% market share barrier (see chapter 4.1).

Although being independent from the majors is a working 'label' for the non-majors in day-to-day relations, AIM (Association of Independent Music) faced the problem of defining what distinguished the two groups in order to have a base for membership in the organisation. The problem was solved with reference to ownership and market share. An indie has at least 50% own equity and no more than 5% of the world market share<sup>20</sup>.

Based on this the definition of what makes indies and majors is size. Majors are the 'big bad' ones and indies the 'small underdogs'. Although the distinction is a structural one in AIM's definition, the term 'indie' also brings with it a lot of emotional labelling, where the independents are the ones that truly care about music and are involved in music out of passion. The founding of the indies is most often traced to the founder finding some incredible artist he<sup>21</sup> just had to put out because it was so great. And because it was such great music it went well and the label then started putting out more music almost more like an accident than a plan.

The term indie has further sometimes been used to refer to a musical genre. In those cases the term becomes rather confusing as the majors have produced music labelled indie rock, possibly in an attempt to gain from the cool music image the independents have.

Music Week further provides an 'indie' chart in its publication on the same page as the rock chart, R&B chart, etc. Yet the indie list is compiled differently than the genre lists. It is not based on the type of music but on the distribution system. Music in the indie list is distributed by independent distributors, i.e. distributors

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<sup>20</sup> Interview with Alison Wenham, CEO of AIM.

<sup>21</sup> The founder is in most cases white male.

that are not owned by any of the majors. The independent distributors distribute all genres for their clients.

Fonarow, an anthropologist studying British indie music, states the following about the content of indies:

The indie community's arguments over membership deal with the nature of the ownership of musical recordings and their mode of distribution to a large public, the nature of musical production practises and their relationship to musical forms, and the relationship between audience members and the music. I consider indie to be precisely this discourse and the activities that produce and are produced by this discourse, as well as the artistic productions and community members who participate in and contribute to this discourse. (Fonarow, 2006, p.26)

From this it cannot be argued that the major/indie division is a clear-cut black/white distinction. It is partly a socially constructed division based on opposites where 'indies' base their self definition on their opposition to the majors, the multiple layers in the definition of independence indicating that the independents are indeed interesting subject of study from the logics perspective. By focusing the indies and their self claimed definition of independence a better understanding can be built of the logics in the field of commercial recorded music.

The social construction has built stereotypes of indies and majors, where the majors play the role of the big bad wolf of commercialisation signing artists and dropping them (or shelving) at the first sign of non-success. While the indies, on the other hand, are seen as taking care of and supporting their artists in their endeavour to create art. They may be a bit disorganised business-wise but that is only because their emphasis is on the music, not the commercialisation. This distinction has even been used to dissuade artists that might consider moving from an indie to a major, as this transfer has been labelled 'selling out'.

From this outline of the major/indie distinction it is clear that the distinction is an important one yet can at the same time be understood on different levels. First, in

terms of ownership and organisation of the company, own equity vs. shareholders and local vs. global. Second, it can be understood in terms of market share and it is here where the distinction between the two is clearest. Third, there is an emotional aspect to the division which is emphasised by the origin of the label indie as independent from the majors. It is from the third aspect, the emotional aspect that the division is most interesting from the institutional logics perspective, but the first two are however the most tangible in dividing the field into the two groups.

The main emphasis of the research will be on independents or the smaller companies based on market share, based on their emphasis on defining themselves in opposition to the international conglomerates. This opposition is taken to indicate opposition towards the market/commercial logic represented by corporate conglomerates. The conflicts between the two logics are thus assumed to be present within a group defining its entity based on opposition or independence. There are a few aspects in addition to the aspect discussed above that make it appropriate to focus on the independents. First the independent population is bigger in size making interviewee selection easier whereas four majors will not give a broad perspective. The companies are also smaller and access to decision makers easier and further the size means that decisions (and thus the logics) of individual decision makers will have more influence on the organisation and last but not least in defining the independents, market share and ownership reflect AIM's definition of independent. The selection of record companies aimed at finding a varied size of companies and as size often is a function of age, this was further taken into account. The nine independent record companies interviewed varied greatly in size and age ranging from individuals running a label from their bedrooms (cottage labels) to large established independents with overseas offices.

Ten interviews were conducted with managers/owners from the nine independent labels, including an interview with a manager of an overseas office of one of the independent labels.

To secure the representativeness of the selection an overview of size and age of companies within the recorded music industry was created using Fame<sup>22</sup> the code 2214 (publishing and recordings) and location London. Since creative industries codes tend to be polluted by companies not involved with creativity the information from Fame was compared to the list of record companies given in the Music Week Directory 2005. Based on this sample the average age for a record company in code 2214 was 12.5 years. The average age of the record companies interviewed was 10.8 years or slightly lower. However, taking into account that the new and still very small labels are not yet registered in the database, this was to be expected.

The independents contacted were found either by randomly selecting and cold calling companies listed in the Music Week directory or snowballing based on recommendations from those interviewed as well as industry contacts. The decision to contact an overseas office of one of the indies was made based on the international air of the majors, which the independents define them self's against.

While the interviews with independents were conducted it became increasingly clear that some information of what the indies considered themselves independent from was necessary to validate the statements of independence from the majors. All of the four majors where thus contacted but only one granted interviews. Apart from interviews with record label representatives interviews were conducted with individuals representing alternative functions within the field, such as representing industry organisations and artist management. These interviews were used as confirmation that the information given in the label interviews was a plausible account of the way the industry works.

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<sup>22</sup> database of registered firms in the UK with key financial figures were available, see [www.bvdep.com/FAME.html](http://www.bvdep.com/FAME.html)

Contact was made with managing directors of the independent labels and if managing directors were not available, divisional manager or other individuals in the position to make decisions about the organisation of the work process. This was based upon the idea that those with decision making power would be the ones having to make the decision to follow one logic over and above the other and thus most likely to feel the conflict between the two.

In booking interviews with the majors, the selection of individuals interviewed was made by a human resource (HR) manager and following the three first interviews with individuals in sales, marketing and A&R the decision was made to speak to the HR manager as well.

Apart from the record companies, interviews were conducted with four individuals, which had all worked as artist managers. Contacting the managers was important as they most often handle the contact with the label on behalf of the artists and would thus have an outside view of how the decision makers handle the conflicting logics as well as them self's being in the position of making a living form selling art for profit. All four further had experience of label work, three had worked for record companies, and one ran a cottage label for an artist.

Three of the four individuals had left the recorded music industry for various reasons. This was deemed important as they might be in the position of giving not only the ideal or utopian aspects of one of the often conflicting logics, but also the less ideal aspects of them.

Further three industry organisations interviews were conducted, first with the chairperson of AIM, second with a manager at a distribution company and a third industry organisation which will not be specifically identified.

These interviews were conducted in order to get a further outside view of the record companies as well as having some information as to compare the record



label interviews with and thus increase the likelihood that the interview data was both relevant and reliable.

Respondent	Cottage label	Established - Indie	Major	Distribution	Artist management	Music shop	Media plugging	Music diploma	Music participation <sup>23</sup>
<b>Labels</b>									
A A&R			X						
A Sales			X			X		X	
A Marketing			X					X	
A HRM			X						
<b>B</b>		X							
C UK		X							X
C overseas		X	X			X			
D	X	X		X		X			
E		X							X
F		X					X		
G		X	X						X
H	X	X							X
I	X								
J	X								X
<b>Individuals</b>									
1	X				X				
2			X		X				
3	X	X	X		X				X
4		X			X				
<b>Organisation</b>									
AIM		X	X	X					
Distribution				X					
Other									

TABLE 1 OVERVIEW OF INTERVIEWS

In the table below the interviews are listed along with their work experience. The information about the work experience is presented as to show that the individuals interviewed represent a wide variety of experiences within the industry and have not only dealt with the conflicting logics from the point of view of the label or artist management – but further often been on both sides, the major and indie as well as having art experience them self's.

<sup>23</sup> Music participation covers everything from actively playing music and DJing to helping friends with sending out Demo tapes.

In the table the labels are represented with letters from A to J. Where A represent the major B to G the larger established independents in random order while H to J are smaller labels.

Further the analysis conducted of the industry makes use of secondary data sources. Most notable is the industry publication Music Week as well as industry data from various industry organizations, the most important ones BPI and IFPI, provide market share data for the UK (BPI) and the world (IFPI).

Apart from the interview data, the thesis further relies on written documentation of the industry. These ranged from guidelines to the industry produced by AIM (AIM & Wilder Sapte, 2001) and *All you Need to Know About the Music Business* (Passman, 2000) to biographies e.g. John Peel's biography *Margrave of the Marshes* (Ravenscroft & Peel, 2005) and Richard Branson's *Loosing my Virginity* (Branson, 2004). Last but not least in this category is the anthropological study conducted by Wendy Fonarow in 1997-8 on the British Indie scene and published in a book *Empire of Dirt – Aesthetics and rituals of British Indie Music* (Fonarow, 2006). The biographies and accounts of the music industry give important insights into the ethos of the field. The experience noteworthy<sup>24</sup> participants in the field have of it.

### 5.3 DATA COLLECTION

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Data on the recorded music industry was gathered through semi structured interviews. The interviews were semi-structured (Kvale, 1996), in that they focused around a set of predefined themes. These were:

- The background of the interviewee.
- A&R (artists and repertoire) and non artistic recruitment.
- Production, recording, mastering, packaging etc.

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<sup>24</sup> Noteworthy here refers to the fact that their accomplishments in the industry have been deemed worthy of the biography.

- Promotion, sales and marketing.<sup>25</sup>

The themes were put forward in anticipation of the analysis (Rubin & Rubin, 2005). The first one with the dual function of getting the interviewee talking and building trust as well as getting an insight into what it was they value about the industry (Rubin & Rubin, 2005). The next theme was originally intended only looking at the artistic aspect of the process but as the interviews progressed it was clear that valuable information about preferences of the interviewee could be gained by asking about non artistic recruitment which was then added to the list.

The last two themes refer to the aspect Caves (2000) would refer to as 'humdrum' that is the commercial/non artistic aspects of the process of putting out records. The last two are divided into two rather than one for practical reasons as for the researcher not to forget the many 'humdrum' steps of the process. The production, recording, mastering and packaging did however prove much less insightful than the information about the A&R and marketing and sales and the analysis thus focuses on these two.

The first version of the interview guide was tested in two pilot interviews in Iceland. Although very different in size from the music industry in the UK, prior knowledge of the industry and ease of access to labels made it an ideal place to test the interview guide. The two interviews conducted proved to be very different from one another and valuable sources of information. The main results of the test showed that more direct questions about structure were needed. The emphasis in the main interviews was thus on descriptions of work processes, using probing to uncover the ideas or assumptions as to the organisation of these processes.

The focus on the work processes is in line with the emphasis in the present literature in institutional theory on the micro processes of institutionalisation. By

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<sup>25</sup> Full interview guide can be seen in appendix B

focusing on work processes, the idea is that the data can be used both to establish the existence of institutional logics as well as through a reconstruction of the process descriptions hypothesise about the effect the actions have on organisational structure.

The process questions were believed to be a more accurate source of information about beliefs than asking directly into beliefs. Direct questions about opinions and beliefs could lead to a misrepresentation as the interviewee strives to impress the researcher and give of a good impression (Warren & Karner, 2009). Although in the present work, it might not be of a disadvantage to establish what the good/legitimate light is, as this would give important information about the logic followed, and based on this the danger of asking directly about beliefs thus possibly less than in other research.

Further supporting the emphasis on processes, beliefs are thought to influence the strategies and actions of individuals and thus the best focus of a study aimed at unveiling the underlying beliefs of individual decision makers and how this influences their actions (Barley & Kunda, 2001). This can be done with participation observation, following individuals as they go about their business. But due to the limited timeframe of the research (the bulk of the data had to be gathered in the autumn term 2005) this was not an option. Interviews outlining work processes, was thus the second and more feasible option.

Still a limited amount of participation observations were conducted during two visits to MIDEM (the biggest trade fair in the music industry held in Cannes every year), as well as through informal communication with industry people throughout the process of working on the thesis (e.g. two industry conferences held in relation to the Iceland Airwaves).

The research was conducted with an informed consent of the subjects who were further more promised anonymity, their names titles and company not

revealed<sup>26</sup>. It is in the keeping with the promise of anonymity that the companies have been concealed with a letter and limited information given about their size.

With the exception of the interviews with the artist managers and smallest labels run from the owners' homes or small office complex without meeting facilities the interviews were conducted at the record company. This as well as the anonymity was done to provide a safe environment as well as a truthful picture of the field as possible. Building a secure environment in which the interviews would give a truthful account of what he/she believed to be the legitimate way to sign and sell music. In this a previous qualitative study of the music industry in Iceland helped to build up trust which characterised all the interviews. The recorded (and later transcribed<sup>27</sup>) interviews ranged from 26 minutes (when half an hour was all the time the interviewee could spare) and up to two hours averaging just under an hour (51 minute).

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#### 5.4 QUALITY OF DATA

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In qualitative research there is always the danger of seeing only that which we look for. This bias is produced both by the researchers own limitations as well as the interviewees tendency to portray an idealized image which he/she believes the researcher wants to see. The effort to build trust in the interview settings is the first step in eliminating the potentiality of this occurrence (Warren & Karner, 2009). The emphasis on work process is not only important in showing the manifestation of the logics within the field but further because a work process has a beginning and end and if the whole process is covered in the interview it is

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<sup>26</sup> The only exception to this is the chairperson of AIM

<sup>27</sup> All but two interviews were transcribed, the two not transcribed were left out due to recording quality issues, in one case the recording was completely inaudible (H) this was discovered very early and an account of the interview taped up right away. In the second case the recording was almost inaudible due to a combination of environmental sounds and the way the interviewee spoke. The content of this interview was typed up as accurately as possible content wise (J).

less likely that the interview will focus only on parts which might leave the impression that one rather than two logics are manifest in the process.

If trust is in place, as well as coverage of the full process the aspect of idealisation is however less of a problem in this particular research setting, as it is the idealisation of the logic that is the focus of the attention. This means that even if the account of the work process is an idealised one, rather than a true description, the idealised account would indicate the legitimate organisation within the field.

Another bias in qualitative research can come from the selection of interviewees or venues for participation research. It will be argued here that the mixed methods in selecting the record labels, as well as how close the average age of the labels selected and the labels listed in FAME indicates that the selection is valid. The role of the interviewer in qualitative research is of incredible importance, as the tendency is that the interviewee in the interview situation tries to impress the researcher. It is therefore important not to lead the interview yet at the same time being able to ask follow up questions on relevant issues (Rubin & Rubin, 2005). This is a hard balance to find, and in finding it I relied much upon previous training in conducting qualitative interviews under the guidance of trained interviewers.

The third way in which the validity of research can be compromised is the analysis of the data and presentation of findings. One effort to minimize this has been the transcription of the key interview material; reading a transcript of the screen or in printout makes for a more accurate method of analysis than depending on memory (Rubin & Rubin, 2005). To establish that my fundamental understanding of the industry is truthful, an industry contact has reviewed the description of the industry (chapter 4.2) and deemed it accurate.

Comparing the findings to other research on the recorded music industry, conducted in different context, further increases the validity of the findings. This has been done with academic publications on previous research as well as more informal information, industry guidelines, biographies of prominent individuals in the industry and news reports of the industry. With these three sources, my own field work, other academic studies as well as industry related publications providing compatible information, the findings of the thesis are made more robust.

## 5.5 ANALYSIS OF DATA

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The data was analysed through a careful reading of the interview data and coded first according to the steps in the work process and then by the emphasis on the artistic goal or the commercial one. The coding thus shows accounts linked to either the artistic or commercial logic. From the coding it is, however, clear that many of the statements are not truly black and white that is only take the artistic elements or the commercial elements into account. That is, when talking about their work in the field individuals refer to both logics in their statements but one logic is given priority. Such as in the statement

The first release we didn't expect to make money of it we just wanted to get the stuff out there, and that's the thing we have been doing (I)

Where the interviewee does mention the profit (commercial logic) accepting that profit is an aspect of the industry but then moves on to claim that this was not the aim they had with putting out the recorded music. Thus legitimizing their actions based on the artistic logic.

In the coding table this kind of priority to the artistic logic is indicated with white background while a similar emphasis on the commercial logics is represented by

a dark gray background. When both logics were taken into consideration in the statements, this is indicated with a lighter grey background. Such as

The thing with the underground it's kind of same kind of principals as the almost mainstream - I think the problems is that that unless you are releasing a lot of records and they... you are not going to make any money of it, if you are not going to make enough to live of it you are not going to have time to do it so it's kind of catch 22. (I)

Here the interviewee acknowledges that it is important to make money of the production of music in order to be able to continue putting out music.

	ARTISTIC	NON- ARTISTIC	
Quite clear the profit was not the first priority, but to get the music out for more people to enjoy	The first release we didn't expect to make money of it we just wanted to get the stuff out there, and that's the thing we have been doing.	The thing with the underground it's kind of same kind of principals as the almost mainstream - I think the problems is that unless you are releasing a lot of records and they ... you are not going to make any money of it, if you are not going to make enough to live of it you are not going to have time to do it so its kind of catch 22.	The dilemma is that you need to put out many cd's to live of it, but you cant put out many cds unless you live of it.
Indicating that the artistic element of the new and unforeseen is almost like a need. That they almost need to hear new stuff all the time, rather than reproductions of that which has been done before.	Most of the people we publish are new - we have never been that interested in people that are established. I don't know myself and [business partners name] we just want to hear new stuff all the time. We don't have like a particular genera or type of music we just really like music	It kind of depends, we usually start as early as possible - I mean. For example we do a lot of getting radio people to - send them stuff all the time. Every time we need them. Radio people they can never have enough.	Based on this their marketing is based on spreading the word, getting someone to talk about the music before it is released. This is similar to the radio pluggers that try to get music played in radio, and there by bought, but here the emphasis seems to be a bit more on the reviews.

TABLE 2 - EXAMPLE FROM CODING TABLE

The white and black fields were then studied separately in order to establish the ideal aspects of the artistic and commercial logics before the gray field were studied as to gain understanding of this hybrid form, where neither logic is given strong priority. This was in particular compared to the size and age of the organisation as well as the part of the process (A&R, or marketing and sales) they occurred. Gaining important insights about how the hybrid/combination of two opposing logics is possible. The coding table can be found in appendix D.

The colour coding is of course based on a perception of the researcher and thus and interpretation of a conversation. In the coding table the interpretations are supported with notes presented at each side of the columns. Based on this analysis the next chapter presents the findings of the interview study.



The aim of this chapter is to answer the research question presented at the beginning of the thesis:

1. How do individual managers in the creative industries deal with situations where they necessarily have to take into account two opposing and mutually exclusive institutional logics?
2. How do their responses to these situations influence organisation within the field?

Based on the outline of the two logics and the hypothesised scenarios, the findings chapter will take a closer look at the empirical findings of the recorded music industry in the UK. In the chapter the analysis of the interview data is presented, first by outlining the two logics as they present themselves in the data in their ideal state, and secondly apply them in an analysis of the artistic and commercial aspects of the work process by comparing them to the scenarios presented based on the literature on institutional logics. The scenarios represent the theoretical take on co-existence of logics and comparing the findings to the scenarios thus offers an insight in how the theory might be strengthened as to how conflicting or opposing logics co-existing in a given field in particular how they frame actions of decision makers, and through these decisions, the organisational field.

The aim is thus not only to empirically explain how opposing logics co-exist within the recorded music industry in the UK but further to discuss the implications of the findings for the theoretical concept of institutional logics as a meta theory or a theory with in a theory on how institutions shape organisation, as proposed by Thornton and Ocasio (P. 103, 2008)

Institutional logics have been defined as the means believed to lead to a valued end. In the case of the artistic and commercial logics these goals are 'great art' on the one hand and financial profit on the other. As such these two goals do not seem to necessarily be conflicting, but go together in the effort of making profit from great music.

According to the logics the aim with recorded music is; by the artistic logic to make great music available to audience, and by the commercial logic to make profit by the recording and selling. In both cases the goal is reached by signing music, publishing it in a recorded format and selling it. The process involved in selling recorded music seems to be pretty straight forward and there does not seem to be any other means within the recorded music industry to get the music to the audience/consumer and it might thus be argued that there is only one mean to both goals. The process of signing music, record, distribute, market and sell, the process described in chapter 5.1. But an analysis of the interviews makes it clear that there are two very different approaches to the process.

The difference crystallizes in the understanding of what good music is. First the quality of the music is a *quality of the art* or the music itself and thus easily recognised simply by listening to the music and should be apparent, even the first time you hear the music. Second the quality of the music is measured based on the response to how well it moves the market or the *quality of the market response*, and thus ultimately how well the music sells. These two views of the quality of music are then reflected in how 'good'<sup>28</sup> music is found and marketed. The two different modes reflect the two goals (and logics) of music production, making great music and making profit.

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<sup>28</sup> The thesis will not attempt to define when music fulfils the criteria of being 'good', neither from the artistic nor the commercial logic. Nor will there be any attempts to estimate whether the labels the interviewees work for have been successful in signing 'good' music as defined by either of the logics.

	<b>What is good music?</b>	<b>How do you find good music?</b>	<b>What do you do to sell the music?</b>
<b>Artistic logic</b>	Good music is a quality of the music it self	Listen to it – you should recognize the quality	Get the music out – when people hear it they will hear how good it is and buy it
<b>Commercial logic</b>	Good music moves the audience – the quality is an element of the relationship with the market	Follow the buzz	Music needs to be marketed and sold

TABLE 3 LOGICS

Based on the above table there are two ideal modes of acting in the music industry and these will both be discussed in turn starting with the artistic logic before the commercial logic will be presented.

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### 6.1.1 ARTISTIC LOGIC

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The goal according to the artistic logic is as stated above to put out ‘good’ music where the quality of the music describes the artistic creation, that is, the music itself. The goal is thus the art, rather than the profit, and the aim with recording and distributing the music is to share the experience of the art.

There are those who upon hearing great music want to do their part in getting the music to more people by recording it and making it available. This can be seen in the interviews by statements like

Our problem is that we have all these people in the background that we think should release records... (I).

Once you have decided to sign the artist and put the music out, the next step is to make people aware of the music. If you believe that quality of music is a quality of

the music itself, the only thing you need for the music to sell is for people to hear it.

The press was exceptional and we did not put in one ad anywhere. It was just press reacting to it and he sold thousands and thousands of records (1).

Once they have heard it they will want to buy it. The next step is thus to plug the music to radio and TV to get the music into the air. But other than that, according to the artistic logic, there is not much to do and the rest is often referred to as luck “it’s like sitting around a game table, roulette table watching the ball go around” (3). There is not much effort put on selling the music and the feeling when music sells, without there being much marketing behind it, feels honest in the sense that no special effort or pressure was used to sell the music.

And you didn’t need marketing – it was just an underground movement that was just. Your dream favours just word of mouth swell of interest. We couldn’t put out records fast enough to keep up with it. I would like to believe that if you try to double guess it, you get it wrong. It just it felt so good and it was so satisfying because it felt so organic....such an overused word. It felt so honest (3).

The production of music is thus based on almost a need to put out great music, for the love of music. Not to make a profit out of it and the belief is that it would even be counterproductive to attempt to put out music with the sole purpose of making a profit.

I’m not really doing it for money – we had this band that we were supposed to do an album with – but they were like, they were like very popular but they were not... we didn’t...

I mean if you are doing this you have to like ... I couldn’t really do it if it was something I didn’t really like. Because I think if you start going in that direction it gets very tricky because you are going to have to be constantly searching for the next.... (1).

Because of the emphasis on the quality of the music and the belief that the music should sell based on this quality more than on the sales effort, the labels adhering to the artistic logic find it very hard dropping an artist they had signed.

We have never dropped an artist because of things like that... Eventually they cross over. And they recoup as a band (C).

Not dropping artists even counts for those who do not sell as by signing the artist they are stating their belief in his/her art short term. So the argument is that even if the music does not sell in the short term it will sell if it is good in the long term and the support for the artist will continue. The emphasis on the music rather than the sales is further not very likely to lead to a huge growth of the business, leading to smaller companies.

And that is a fatal flaw in a business practise – if it means that we wouldn't sign Robbie Williams, even if he was begging us to. And obviously from a business point of view that is very stupid. But that is just part of the way we are (D).

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### 6.1.2 COMMERCIAL LOGIC

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On the other side those who work according to the commercial logic, would be on the lookout for music that moves people, music the audience are reacting to and which, with a bit of marketing, would be likely to sell.

Here the emphasis is not on the quality of the music itself but rather its influence on the market and the estimated sales.

I mean, gold is I think 200 is it 200 or 100 thousand records. I mean that is pretty much a lot of records but now a days they want million selling record and if they don't – I don't really think they think they have broken and artist (A A&R).

Where the artistic logic would hold that it is enough for the music to be out there, and when people hear it they will want to buy it, the emphasis in the commercial

logic is not only on making it available, but also letting the audience know that the music is out there. And when the sales start dropping or not responding to advertisement, the price would be dropped to sell more units.

It's quite effective – if you get, if you time it right you can get another 100.000 + sales out of that. If we didn't do that we might have sold 10.000 at full price.

Do the maths, 10.000 at 8 pounds net or 100.000 at 4 pound 50 net. It is quite easy (A Sales).

The emphasis is on the sales, and even if not all the records at the label sell this is OK as long as some of the artists sell well enough to pay for the losses on the others.

For every one you get wrong – in terms of – negatively there is always one – that over excites your expectations. So it's a balancing act. And that needs to be reflected obviously. And the forecasting and the budgeting process.

It goes without saying if you budget everything what it could do and if a couple of them slip you are in trouble aren't you so you need to be quite balanced (A Sales).

The emphasis in marketing is further moved from one artist to another based on how well they are being received and all the marketing tools are used to the fullest.

It is interesting how important all of them are, if one isn't there – things just don't happen a lot of the time. You CAN survive on TV alone but you, can only get to a certain point ... you can survive on press and radio alone, but until you get on TV you can kind of always measure that in terms of what is selling, it is obvious to say that is why it is important to be able to...

You have to coordinate all these things to happen at that right time, and always to ... be looking ahead to the next thing you are going to do and the next thing after that, and where everybody sees and act going (A Marketing).

Based on this outline of the two logics in the interview data, it seems that decisions based on both logics exist within the field and that neither of them are dominant. This indicates that the first scenario where one logic was dominant over the other does not hold for the field of recorded music. The next step is thus to take a closer look at the co-existence of how the two logics might interact.

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## 6.2 CO-EXISTENCE

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Although it has been established that two logics co-exist within the field, a more detailed study of the work process needs to be done before it can be determined how they co-exist within the field, how co-existing conflicting logics frame the behaviour of decision makers and how this will affect organisation. In order to compare the findings from the interviews to the scenarios, the findings will be presented according to the work process, starting with the artistic part of the process, dealing with artists and the artistic output. When the artistic part of the work process has been covered, the commercial aspects, that is organisation of marketing and sales, is presented. By presenting the findings according to this division of the work process, the presentation will allow for a comparison to S2 (where the organisation becomes divisionalised based on the content of the two logics), while at the same time allowing for a comparison to scenario three and four. The findings will continually be compared to scenarios two to four which all present possible forms of co-existence.

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### 6.2.1 ARTISTIC PART OF THE WORK PROCESS

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Looking at the artistic aspect of the process, there are clear signs of the artistic logic as outlined in the previous chapter. In finding music, there is an emphasis on the quality of the music and the ability to hear and recognise this quality quickly.

The real qualification to be an A&R person is really understanding music, being able to hear music in an individual way and be able to decide how good it is (D).

The emphasis on the quality of the artistic production further emphasised with the statement that the right music to sign is not copy music but the most original and best music in its category. It would thus not be good enough to sign a relatively good artist if he/she was really just a cover of another much better artist out there.

The belief in the artist signed to the label is further manifested in the decision whether or not to keep on an artist whose sales are below expectations or not making ends meet.

Usually we would just carry on. We have got three albums and we carry on and develop the artist. If we are not getting on with the artist and they are not happy then we might just leave it at one.

But generally if it goes really badly and does not sell at all, we go to the artist and say we can't pay you the advance we agreed on. We can just pay you this. And they almost always say yes. Because it is obvious that we put it out (E).

Here the financial implications do not stop the belief in the artist, but do rather put a limit to what the artist can spend on the next album, thus indicating that even if there is an emphasis on the artistic logic in the artistic part of the process the commercial aspects need to be taken into consideration.

This indication of co-existence is further clear in what the AIM handbook says about A&R:

A&R is commonly known as the "umh & ahh" department in the industry because of a reputation for procrastination and hesitation in final decision-making. It is, however, the lot of A&R to see and hear vast amounts of new artists' music, all ever hopeful of a record deal. They go to gigs, clubs, listen to demo tapes and CDs. They also make difficult decisions with major financial and human repercussions (AIM & Wilder Sapte, 2001).



Here the emphasis is on the financial implications of the artistic decision. From this it is clear that the artistic part of the process is not only based on the artistic logic but takes both logics into account to some degree. But without looking for any independent indications of the commercial logic in the artistic part of the process, we cannot know if the commercial logic only exists as a limiting aspect of the artistic logic or if it exists independently within the artistic part of the process. That is if any decision makers might emphasise the commercial logic in the artistic tasks, of deciding which music to put out.

Going back to the two logics, there were two different understandings of what 'good' or the 'right' music was. The commercial understanding of good music emphasised that the music moved people there by moving the emphasis of the definition from the music itself to the influence it has on the audience. That is music which fills a hole/need in the market. At the major where decision makers were interviewed, this further held not only for the music itself but also for labels

When they decided to set up the [label], it was because they started kind of getting a little rock roster... and they needed a cool label to fit in with [the company] (A A&R).

The above citation indicates flexibility of the company to move and change the organisation when they feel the market is moving.

This distinction between what good music is and how you are most likely to find it is further reflected in how the label managers view the weakest form of A&R, the unsolicited demo. There are those who will listen to everything that is sent to the company (based on the idea that quality can be heard the first time you hear music), while others are more down to earth about the demo. One of the respondents even likened it to junk mail albeit regretting the comparison and adding "what a terrible thing that is to say about peoples work" (G) thus showing respect for the artistic contribution almost as in hindsight. But the respondent did not excuse the fact that demo tapes are just not enough to make the judgement whether this is music to base your business on or not.

There is however, a general agreement that demo tapes show that most of the things that are sent in are average copies of music already out there, thus suggesting that if anything above the average came in through the mail box it should be recognisable. This situation indicates that even if A&R people might be emphasising that which moves the market (the commercial logic), there should be an element of this present and recognisable upon listening to the music indicating a presence of the artistic logic. On the other end of the spectrum is the search for the buzz or trying to find the music believed to create the greatest hype or at least enough to sell. An employee at a major describes how these are found.

Normally [the A&R manager gets tips] from people they know, then they will go and see the band a few times and if they like them there normally is a fight to sign them (A A&R).

The interview data shows that there also are decision makers who emphasise the commercial logic in signing music, in one case even to the point of signing music they admitted is not real art (F) and then justifying this act with the emphasis that sometimes people (the audience) “they just want to have a laugh and a great old dance”.

The conclusion drawn from this analysis is that both the logics exist within the artistic part of the work process. However, in case of an emphasis on either the artistic or the commercial logic, the other logic is to some extent taken into account simultaneously. When the artistic logic is dominant, the commercial logic leads to some financial constraints, while an emphasis on the commercial logic implies some emphasis on the artistic logic as well as a source of legitimacy. Before a conclusion is reached to eliminate S2 where the organisations are divisionalised based on the content of the logics, a study of the commercial part of the work process is needed.

The “humdrum” or the commercial side of putting music on a market includes production (of the physical CD or Vinyl records as well as the artwork, including video, for the album), distribution (on - and offline), marketing, promotion and sales.

They are here grouped together as on the indie side of the industry (in particular at the smaller independents). The distinction between different tasks is not always easy to make and job roles are not as compartmentalised as they would be in large firms such as the majors, particularly in the smallest companies.

Looking at the interview data it seems very clear that the artistic focus applied in the A&R aspect of the business continues into the business side of the process.

This is how one independent label manager put it:

We will talk to [the artist] about what exactly it is that they want to record. And that varies, sometimes we will have to have a lot of input because the project requires it, or sometimes we don't have very much at all.

It depends on where they want to be - some artists just want to put out their record and they [make] the sort of record - a very specialist record - that will just sell itself on its own merit.

Or it might be a record that has more commercial potential and we will talk to them about what we think is needed to fit in to what radio and press and distributors and shops - might want.

That is kind of the process – it is started by talking to the artist about what expectations they have (E).

Here the argument is that good music would sell itself and that the artist is the one who has a say on how it should be presented although the possibility that music could be tailored for the market is kept open.

Once the music is ready (and sometimes it is even before the contract is signed) the next step of the process at an indie is then to get the people working at the label excited about the music. This reflects the central aspect of the artistic logics that good music sells itself and to be able to sell music it must be music that you know is good, music which you are excited about.

The emphasis is thus rather on spreading the word or “evangelising” as one of the respondents (F) called it, rather than “marketing”. This process involves plugging and promoting the music to radio and TV with the aim to get radio play which would act as free advertising. This is hard as everyone is out there trying to get their music on the air.

Unfortunately the music itself is not enough, they want to know that they should play the record because the lead singer is shagging such and such.

It’s all bullshit really. They can’t say Yeah I like this record I’ll stick it on.

Which is why you lament the loss of people like John Peel, who was not interested in the peripheral parts of the band, he would just listen to the music (C).

Once again the emphasis is on the music not the information the market might like to have about the artist and the belief that the market should be able to recognise the quality of the music in the same way as A&R people and buy it on its own merit. This further leads to a negative attitude towards selling.

I’m not sure I have that special brain chip which your marketing genius has, the one that a major label would employ, which doesn’t matter whether you are trying to sell baked beans or Mariah Carey (3).

Whereas at a label emphasising the commercial logic, the knowledge as to how to market music so as to optimise sales would be attributed to professionalism it is here referred to as a cognitive element lacking in the interviewee which had

worked for various labels mostly in the indie population although starting out at a A&R of a major label.

The negative attitude is further reflected in a description of the marketing tasks conducted.

We tend not to do very much – you know stickers and posters and t-shirts and key rings and whatever. Junk.

[I]t usually just develops - and usually you don't do it in a very orderly manner – it happens because you suddenly just realise what you ought to be doing. (E)

Based on the interview data those who emphasise the artistic logic in the artistic part of the work process continue doing so in the commercial aspects, yet reluctantly admit that even if they believe that music should sell on its own (as it sometimes does see chapter 6.1) some commercial effort is indeed needed. This means that they reluctantly take the commercial logic into account and conduct some of the tasks the commercial logic outlines even if they think they should not be necessary based on the artistic logic.

Looking at the emphasis on the commercial logic in the commercial aspects of the work process, this was strongest in the interviews conducted with employees of a major. At the major they worked for the marketing and sales aspect is dealt with through three departments: marketing which is responsible for promotion and advertising, sales which is responsible for price and in store promotion and decisions such as which of the label's titles to push in the stores at any given time as well as when to lower prices as to increase sales once they begin to dwindle. The third department is the compilation department which works with older releases, while the marketing and sales department deal with new releases. Although these three departments to some extent have to collaborate they are still divided into three functions each with their budgets and goals as to what they aim to achieve with that budget.

In comparison to the interviewees emphasising the artistic logic, their work methods seem very organised and systematic:

If I know that [an artist] is huge in Scotland - I'll book a key spot on the TV - just in Scotland and the north. And it will cost me a fraction of what it would cost if I did it nationally or in London.

It's just a cost effective thing really.

If we know it works there, then we might put the money on a national spot in the following week. We can test regions of strength. In order to work out how much the national spending should be (A Marketing).

The emphasis on the commercial logic in other interviews interviewee is further visible but not to the extent of the employees of the major. Of the respondents from the independent labels, there was in particular one respondent which emphasised the commercial logic without an emphasis on the artistic logic.

### 6.3 HYBRID LOGICS

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Based on the outline of the interview data on the two parts of the work process, it is clear that both logics are present in both parts of the work process. This means that S2 does not apply to the co-existence of the logic in the field leaving S3 and S4 where the decision makers either lean towards one logic or the other (but not all towards the same logic) or try to combine them.

The coding table in Appendix D gives a visual idea as to the division between the emphasis on the two logics and the reference which seem to attempt to combine the two.

Most of the interviews, although not all, showed support for either the artistic or commercial logic with some statements indicating that they were taking both into account (grey) but no reference to the alternative logic. This indicated that decision makers do tend to value one end stronger than the other, even if they to

some extent take both logics into account. Only three of the interviewees took both logics into account as well as indicating that they were attempting to combine them. Yet in all of these the emphasis on one of the logics was stronger. By visually estimating the division between the two logics and the hybrid (gray) the following table has been compiled.

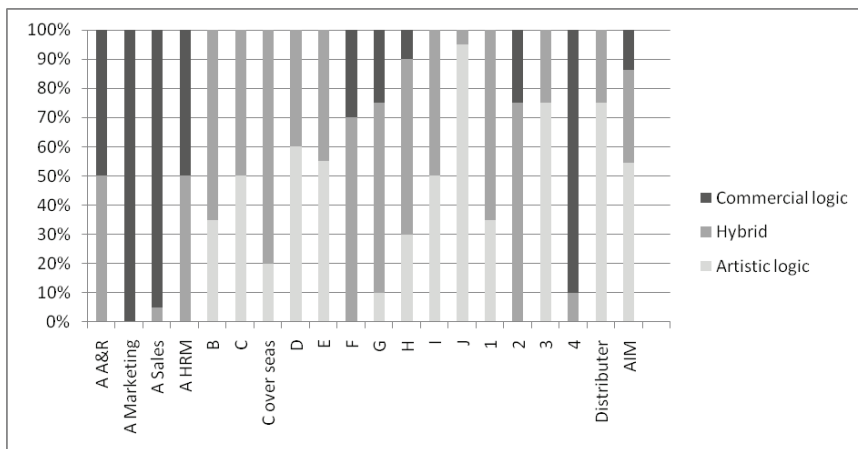


FIGURE 8 - DIVISION BETWEEN EMPHASES ON THE LGOICs IN THE CODED DATA<sup>29</sup>

The above figure shows that some of the interviews show quite a strong dominance of either the artistic logic (J, 3 & distributor) or commercial logic (A, marketing and sales & 4). Indications that decision makers combine or attempt to combine both logics is however prominent. This indicates that both S3 and S4 are plausible. This means some of the decision makers will lean towards one logic or the other (and that not all the decision makers lean towards the same logic) while

<sup>29</sup> The number should not be treated as quantitative results as they are visual estimates which do not take into account relative importance of the paragraphs coded they should thus not be used as anything but indications of the division. For a truly quantitative presentation of this division data would have to have been collected in a quantitative way. An estimate for each part of the work process was also compiled but the division between the logics was very similar for the two parts as for the whole interview. Base on this and as a visual presentation of two columns for each interview is complex it does not add to the understanding of or feel for the division.

at the same time there are decision makers which tire to take both logic into account in a hybrid way, even if the data indicates that they still show some preference for one logic over the other.

From the perspective of those who emphasise the artistic logic but still made attempts to combine the logics, the hybrid took two forms. One the one hand the commercial logic restrained the artistic logic or limited the extent to which the artistic logic could be followed.

So once I got a sense that the catalogue was going to continue to sell at a certain rate that could allow for an economic future I decided ... that I was releasing all new artists not just catalogue records any more (C overseas).

On the other had the decision makers argue that signing good music is a good investment.

There is value in having some bands on the team just because they are great bands and even if they are not making any money they might, keep the commercial hat on, they might bring you other bands. By the fact that they are signed with you (B)

Another respondent who emphasised the commercial logic turned this argument on the head, claiming that profit was really a measurement of the quality of the music (F). This respondent further went on to argue that “a balance is what is needed”, referring to a balance between what he calls ‘good credential music’ and a different kind which he had even ventured to refer to as ‘crap’ earlier in the interview. As the ‘crap’ had sold quite well, it does seem that the reference to the good credential music represents the content needed to be legitimate.

Hopefully, as a label, we are capable of doing both sort of things, that is why we have different sort of labels. So we can do our cooler credible and slow burner – as we call them – we can also do a mad and ridicules hit that is gone tomorrow thank you very much goodbye (F).

The same interviewee (unlike the other independents) justified the actions based on being independent or not being a major. This emphasis on the artistic element



and even on the term independent might be interpreted as decoupling where the artistic logic would provide legitimacy, while emphasising the commercial logic only might mean loss of legitimacy. It indicates that the two ways in which the conflicting logics are simultaneously taken into account provide a survival base (the commercial logic) and enhance legitimacy (the artistic logic). Yet the degree to which decision makers take either one of the logics into account or adhere to the logic is quite varied, indicating that the conflicting logics do not lead to homogenous behaviour but rather to heterogeneity in action.

#### 6.4 FIELD LEVEL OUTCOME

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Contrary to the findings presented in the previous chapter that behaviour in the recorded music industry is not homogenous but to some extent heterogenic, the field description emphasises the field as divided into two sides' majors and indies, indicating duality rather than heterogeneity in the organisation.

In chapter 5 the distinction between the majors and independents was described as partly emotional or value laden. This value laden division is quite prominent in the interview data, where the interviewees tend to compare and contrast the two groups and set them up against each other, at least from the independent side.

The majors where claimed to be short sighted:

And think that majors are not sensitive enough there is just too much of a hard core business model. To be able to sit down and you know... They forecast quarterly and they have yearly figures – somebody turning around and going – I'll sing it in this year but it's going to take me 18 months to develop really gives them a headache because the accountants don't get it and they'll go hold on...I'm making an investment this year and I'm not going to see anything but you want me to keep investing in it and I might see it next year? You know – they don't like that kind of business. Were as we have to (G).

The majors were also said to be overly obsessed with control (C overseas) and one interviewee claimed to be “psychologically unfit to work at a major label” (3).

The reference to majors thus seems rather critical, even accusing, when one of the interviewee uses the reference to majors when describing how he feels about the work of the larger more established independents. “They are almost like major labels in a way – they are kind of like indie but they act like major labels” (Distributor). Taking into account that this reference comes from a decision maker emphasising the artistic logic strongly, it is likely that the reference to the way the majors and the larger established indies work is a reference to an emphasis on the commercial logic. The negativity is thus based on a feeling that not emphasising the artistic logic leads to loss of legitimacy, and further increased emphasis on taking the commercial logic into account, even if this does not mean that moving the focus from the artistic logic would result in a loss of legitimacy.

The question then remains if the accusation is rightful, if the larger established independent labels act like majors? From the limited numbers of companies, it is not possible to generalise for the whole industry, but the interviews do not show a strong emphasis on the commercial logic at the larger independents, even if some of them do take the commercial logic into account and attempt to combine both in a hybrid way. Further most of them do take the commercial logic more in to account than the interviewee making the claim that the larger indies behaved like majors.

This, as well as the use of independence as justification by interviewee F, seems to indicate that the artistic logic has been institutionalised as the independent organisation of record labels in the recorded music industry. Meaning that for a small record label (smaller than 5% market share) the legitimate way to behave is according to the artistic logic, thus limiting the extent the companies can emphasise the commercial logic before losing legitimacy, at least from the point of view of the decision makers emphasising the artistic logic.

This would mean that in spite of the different ways the decision makers deal with the conflicting logics, this outcome is not translated into heterogeneity of the organisation but rather into a duality between the majors and the independents. From this perspective it is interesting to see that the two companies that did indeed manage to cross the 4% market share mark seem likely to have emphasised the commercial logic to a greater extent than most of the decision makers interviewed where from independent labels for this (see appendix C).

## 6.2 CONCLUSION

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Based on the above analysis where examples of both logics were given within the field, it can be concluded that S1 does not apply to the field:

S1 One logic will become (at least temporarily) dominant within the field, and decision makers holding other logics will be forced to adhere to that logic.

Neither one of the logics can be said to be dominant in the field, but are rather both taken into account in both the artistic and commercial aspects of the work process:

S2 Decision makers will use one logic in one part of the organisation and another logic in other parts of the organisation. Which logic would be applied in which part of the organisation, would depend on the content of the logic.

There is not much support either for the divisionalisation presented in S2. Both the logics are taken into account in the act of finding and signing music, and the artistic logic is still present in the non artistic aspects of the process, such as promoting and selling the music.

Scenario three does, however, seem to apply to the field:

S3 Decision makers emphasise one logic over the other but do not necessarily choose the same logic. Fields where

decision makers adhere to different logics will split into two leading to two different modes of organising within the field.

There are indications that decision makers will lean towards one logic or the other for legitimacy.

Looking at only the interviews with the independents, there are indications that the smaller players in the field do think that the bigger and more established independents tend to act more in line with the majors than what is common among the so-called independents. This outcome hints at a more commercially oriented mode of thinking at the bigger established independents. From the interview data there is no way to establish causality, that is, to determine whether the larger independents have managed to reach their large size because they are more commercially oriented than the smaller independents, or if the increase in size provokes them to become more aware of the commercial aspects of the business. It is clear, however, that even if the larger established independents are assumed to be more commercially oriented, at least three of the slightly larger and more established independents still prioritise the artistic element of the industry; if their acts do include the commercial aspects, they justify this behaviour in artistic terms.

It has been outlined how the two logics in their strongest form might lead to a division in the field, reflecting the division between the majors and independents, where the artistic logic does not lead to growth in the same way as the commercial logic would do because of the belief that good music would sell on its own (as it sometimes does) and that great sales would rather be based on luck than anything done to improve the sales.

Yet we have further seen that even if the field level information and the ideal logic scenario do fit, the story is far from this simple. There is some further support for the fourth scenario:

S4 Those decision makers who do not strongly adhere to either logic, will attempt to combine the two logics to

maintain legitimacy by means of association with at least one of the legitimate logics.

There were clear indications that the bigger more established independents did indeed try to reconcile the two by justifying actions which seem in line with one logic with reference to the other logic. In their view these are not necessarily oppositions, they do necessarily go together. You cannot sell music for a profit if you do not take both into account.

In spite of this there are still indications that the artistic logic has been institutionalised as the independent in the field of recorded music in the UK, and that if companies are not big enough to be a major, working according to the commercial logic without losing legitimacy as an independent might involve walking a very thin line.

The answer to the research question must thus be that not all decision makers deal with the conflict in the same way. There is a divide between the logics where labels lean towards one or the other based on the decisions made throughout the work process. Although there does not seem to be much middle ground, some decision makers at the larger more established independents did attempt to some extent to combine the two logics, justifying that working according to one of the logics lead to a result in line with both logics.

On the field level it has been established that there is a divide between two groups of organisations, based on size, and in spite of technological change there has not been much movement between them (the two exceptions to this are outlined in appendix C). The stability of the two groups seems to indicate that the artistic logic has been institutionalised as the indie, indicated by the justifications of the one independent that did not act according to the artistic logic. Based on the ideal form of the logics outlined in table 3 (p. 87) the duality is quite plausible. The comment that not being willing to sign Robbie Williams is a flaw in the business model further indicates that the respondent was aware that following the artistic logic would not be likely to lead to economic growth. Whereas those

following the commercial logic might be willing to compromise on the artistic quality in order to sign music likely to sell.

The two logics would thus lead to a division in size similar to the organisation outline in chapter 4.1. The answer to the second part of the research question is thus that the emphasis on one logic or the other (and not the same logic) has led to a duality in the organisational structure of the field.

The thesis starts out with the initial question as to how individuals deal with the multiplicity of logics outlined by the theory of institutional logics. This question was further presented as an important one when the multiple logics were conflicting, such as the artistic and commercial logics in creative industries are believed to be. Based on this the following research question was presented.

1. How do individual managers in the creative industries deal with situations where they necessarily have to take into account two opposing and mutually exclusive institutional logics?
2. How do managerial responses to these situations influence organisation of the field?

The research question was then followed up with further specific questions outlining the different possible answers which were later established as the four possible scenarios S1-4 (see chapter 2.3)

In the thesis the recorded music industry has been used as an example of a creative industry where art is sold for a profit, thus necessarily combining the two logics, the commercial and the artistic. Through an analysis of the semi structured interviews with decision makers on the work process involved in the recorded music industry two of the scenario's S1 and S2 were eliminated as applying to the field while there was support for both S3 and S4.

Scenario 1 was eliminated as both logics were shown to co-exist in the field without one of them being dominant. Scenario two was eliminated as the two logics further co-existed in both the artistic and the commercial tasks involved in the work process, thus excluding the idea that the organisations are divisionalised. The analysis showed support for both S3 and S4 meaning that some of the decision makers seemed to emphasise one logic over and above the other and that some decision makers made attempts to combine the two logics in their work.

This means that institutional logics can explain heterogeneity of organisation within the field. The heterogeneity is here based on the fact that decision makers do not all emphasise the same logic, or indeed strongly emphasise either logic, but rather attempt to combine them. This means that the answer to the first part of the research question is that some of the decision makers emphasise one logic over and above the other logic (and not all the same logic) while other decision makers attempt to combine the two logics.

Based on the ideal outline of the two logics emphasising either one of the logics will lead to different organisational outcomes which in aggregate lead to differences in growth patterns similar to the division between the independents and majors. Linking the empirical findings on the micro level to the macro level organisation of the field the artistic logics seems to have been institutionalised as the independent, leading to the duality in organisation in spite of the heterogeneous way the decision makers deal with the conflicting logics. While this answers the second part of the research question it further shows how it is not enough to look at only one level of analysis in understanding how institutional logic influence organisation.

## 7.1 INSTITUTIONAL LOGICS AS META THEORY

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As already outline in chapter 2, Thornton and Ocasio (2008) envision the theory of institutional logics as both meta-theory and method of analysis. They list five principles underlying the meta-theory. The first is the intersection of multiple logics, second how this intersection creates a foundation for embedded agency, third the multilevel approach which they claim has been lacking in research on institutional logics. The fourth principle is the need for a historical element in studying logics and the final one the persistent duality between material and cultural foundations. Although they are all important elements of the meta-



theory these have not all be included systematically in the study of logics, possibly - they claim - because of the academic journal format.

Not limited by the academic journal format, the thesis outlines an alternative attempt to combine all these elements in the study of the institutional logics in the recorded music industry. The study of the commercial and artistic logics focuses on the duality of material and cultural foundations. This further means that the study deals with the intersection of multiple logics, in this case two conflicting logics. Unlike the studies outlined for the possible scenarios, where two conflicting logics frame the behaviour of decision makers, the present work takes both the micro and macro level of analysis into account. While Binder(2007), Zilber (2002), Stone (1996), and Mouritsen and Skærbæk (1995) all deal with conflicting logics, they do so within one single organisation. D'Aunno et al. (1991), Suddaby and Greenwood (2005) and Jones and Liven- Tarandach (2008) take multiple organisations into account but do not reflect how individual decision makers deal with the tension of conflicting logics. The present work thus adds to the previous research in linking how individual actors deal with the conflict and how this leads to a given field organisation.

By focusing on work processes as described by individual decision makers, the research further attempts to understand how the decision maker is embedded in the field, yet at the same time is able to choose between two alternative logics. The modified model in figure 9 shows how, the multiple logics, the multiple levels of analysis, embedded agency as well as the cognitive and normative aspects of institutions are theoretically linked.

The model presented by Coleman (1986) already links the two levels the macro and the micro, where the logic exist on the macro level of shared beliefs and on the individual level, it represents the values of the individual decision makers.

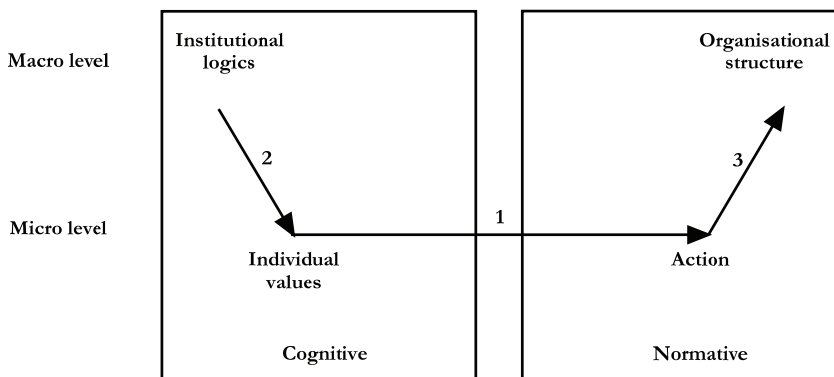


FIGURE 9 - THE COGNITIVE AND NORMATIVE ASPECTS OF INSTITUTIONS

The logic frames the means end belief system, the means believed to lead to the valued end. In the cognitive normative aspect of the institution this represents the cognitive aspect. The believe that these means lead to the valued ends, for both the logics existing in the field, even if only one of the logics might be normatively institutionalized as the way things are done. In acting, an individual has to take into account both his values and the normative way the logic is institutionalised in the field. Through previous actions ‘the way we do things’ gets institutionalised, in a normative way, thus emphasising the importance of the historical aspect of the field.

When faced with conflicting values an individual will, given that he has the social skill (Fligstein, 1997), have to compare the ends and the strength to which he values them as well as the way they are institutionalised in the field. Based on the way he ranks the values he will choose the way to act. If he values the artistic logic the strongest he will likely follow the artistic logic but if he values neither the artistic, nor the commercial logic higher but both equally he might attempt to combine them.

The figure not only shows how the multiple level of analysis, the multiple logics and the cognitive and normative aspects are linked, but further how the agent is embedded in the institution, but can act based on the multiple logics rather than

enacting only one logic. Even if there is agency in the choice between the values, the logics have been institutionalised in the field in a given way, which the decision maker is embedded in when choosing between the values. To allow for scenario four where the decision maker chooses to attempt to combine the two logics, there must be some understanding of how strongly the decision makers hold the value (rather than an either or understanding). The concept of strength (Powell, Gammal, & Caroline, 2007) indicates how strongly they emphasise the logic, indicating that the stronger decision makers emphasises the logic the more likely they are to act according to the logic even if this might not be the dominant logic in the field. If the decision maker does not value the logic very strongly they might further attempt to combine the two. The embeddedness and historical aspects of the decisions are further combined in the work process, where past and present decisions are combined in a process. With an understanding that this is the way things have been done in the past and most likely the way things will be done tomorrow the historical aspect is tied to present behaviour.

By building on Coleman's model(1986) the thesis combines the five principles of the meta-theory of institutional logics as outlined by Thornton and Ocasio (2008).

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## 7.2 LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

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As any research project the thesis has some limitations that further research might amend. These limitations will be presented based on whether their foundation is theoretical or empirical.

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### 7.2.1 THEORETICAL LIMITATIONS

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Theoretically the thesis is limited in particular in two ways. First it does only to a small extent deal with the historical aspect of the field studied. The focus on work process does to some degree take into account previous actions, but this does not

put these actions into a historical perspective. An outline of the historical understanding of the concept of creativity does give an idea as to how the cognitive aspect of the artistic logic might have evolved, but does not account for the normative way the logic has been acted out in the field of recorded music industry. This would be an interesting path of future research in particular given the huge technological changes the field has undergone in the last two decades.

Second, the thesis does not deal with the criticism that the duality in the organizational structure is simply based on a miss-definition of the field. Where this thesis defines the recorded music industry as one field, it could be argued that it is in fact two fields.

As to address the possibility that the recorded music industry is not one but two fields, the rest of this chapter looks for any interactions between the two sides indicating that the recorded music industry is one field rather than two.

Records, although similar in look and function, are widely differentiated in content, varying from classical music to punk rock. The argument could thus be made that the difference in content was such that the majors and indies are not aiming for the same groups of customers or the same kind of music while the majors are mass producers the independents are specialists and the content of their products different enough to be regarded as two fields, with one field of generalists and another field of specialised niche companies.

The first argument against this explanation for the division would be that there is very little price differentiation on the market for music. Most of the albums sold are sold at relatively the same price, at least in the first weeks of sales. Some price cuts might be orchestrated but only at a later stage, in order to extend the sales period, as sales are generally defined by the first few weeks or days upon release<sup>30</sup>. Price games (such as buy 2 get 1 free) have been played with the single

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<sup>30</sup> This might be changing though with increasing digital sales which show more of a long tail (IFPI, 2007)

format but this has been seen as a marketing cost in order to get the single on to the charts and thus sell more records.

That the price is held stable does not mean that there is no market segregation and the music industry is indeed divided into different kinds of music referred to as genres. Neither does the definition of the field, as including commercial production of popular music limit the definition to one genre. If we define commercial music as the music occupying the charts, these could be of many genres. The top selling list shows a compilation of all the sales of the week, from any genre. On the 17<sup>th</sup> of March 2007 the top 75 even included a jazz compilation, the very best of Nina Simone, in number 67, returning on to the chart for the 28<sup>th</sup> week. On this general chart (both single and album) both indies and majors are present, even if the majority of the albums are produced by a major. This might be a reflection of the market share dominance of the majors. Yet in a 10 week random sample their average share of the top 40 album chart is closer to 90%<sup>31</sup>, the independents, however, averaging only 3.5 songs, peaking at 5 in one of the 10 sample weeks.

If the majors are truly generalists and the indies specialised this might be quite expected, the assumption being that the indies would in turn be over-represented in the specialised charts. Given the link to rock (through the concept of indie rock) this would be the next list to look at and Music Week publishes the top 10 rock album sales. Here the independents do slightly better, peaking at four out of 10 in one of the weeks studied. Yet the 10 week average was still only 1,7 showing that even if the indies do better in the rock charts than in the general album chart the majors' presence is still substantial.

Other general charts published in Music Week are 'singles' charts, indicating sales of singles, not albums. This might affect the composition of the charts as the single format has long been viewed as a marketing tool to sell albums and the

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<sup>31</sup> The weeks were selected individually and at random from a year's subscription of Music Week starting mid-year 2006.

majors' strength in marketing lies very much in their size. Yet if we compare two general charts, urban and club, these are very different. The majors dominate the urban list while the indies range from none to three songs on the top 30, averaging 1.8 in the 10 sample weeks.

The club chart looks rather different, with the independents' share much higher than in any other chart. Many of the labels are even the artists' own (cottage) label and many were very hard to find any information about. The labels with established ownership linked to a major still ranged from eight to 15 in the top 40 club chart, giving the major just under 30% average share of the chart.

The only 'clear' chart, where all the acts on the chart are produced by either majors or indies is, not surprisingly, the independent list where the chart is by definition compiled from the best selling singles/albums distributed by independent distributors. With both groups of labels present in all the charts it is hard to argue that the division is based on work division related to genre.

An alternative way the two groups could belong to two fields rather than one was if they specialized in the first part of the work process involved in putting out music while the majors specialized in the last part of the process marketing and sales. However, based on the presence of the independents in the charts, as well as on the analysis of the interview data, where decision makers at independents were reluctant to let artists go, this cannot be the case. Further comparing the outline of the field to the criteria outlined by Powell (2007) there is clearly a mutual awareness among the participants that they are involved in a common enterprise, such as redefining the business model for the online sales, although they might disagree on how to deal with this as the previous chapters have outlined.

The field of recorded music in the UK can thus be argued to be on field, with conflicting yet co-existing logics leading to a duality in organisational structure in the field.

As any empirical study the above research has limitations, the choice to base the research on semi structured interviews meant that there are not enough observations to make a generalisation as to how individual decision makers will act when facing conflicting logics. It would be of further interest to conduct a wider research project where a large group of decision makers are asked about their work through a survey. The answers could then further be compared to information about the company size and age, and thereby establish or refute the indication that there is a difference between the small independents and the larger more established independents.

Another limitation of the semi structured interview approach is that even if it has been established that there are two logics to choose from to frame action, the interviews cannot show whether or not the decision makers deliberately choose between the two, or if they simply continue as usual without much concern for the alternative logic. The only way to observe how much deliberation occurs prior to choosing would be to engage in participant observation of meetings and in other points of decision making in the work process in the music industry. Such an approach would imply that the researcher follows a project from the time an artist is identified until a contract is signed, and a first record recorded, marketed and sold. That is following the work process of the field studied.

Both of these approaches would offer interesting paths for further research on how conflicting logics affect organisation. They would give a better understanding of what, for example, it means to strongly adhere to a logic and how such adherence might be measured.

As outlined in the introduction the emphasis on creative industries, rather than an understanding of culture as in need of public support, brings with it an emphasis on the commercial potential of the arts, making the arts important in economic growth and thus an economically important industry. While the publicly supported arts would probably be expected to emphasise the artistic logic, the creative industries are expected to combine the artistic logic with a commercial goal. Yet the present research has shown that the emphasis on the artistic logic is quite prominent within the field. This could potentially have implications for policy makers: while the emphasis of policy makers is on growth potential, the companies with which they work might mostly be interested in the artistic potential of these companies. It is highly unlikely that the same support mechanism that help those that start companies based on the commercial logic will also help start-ups inspired by the artistic logic, implying that policy makers should take both of the logics into account in building support system for the creative industries.

The goal of public support to start-ups is to help the start-up reach their economic goal but given that in a field of co-existing conflicting logics there might be start-ups whose primary goal is not economic but cultural (such as artistic). The policy, aimed at the economic end might thus be a hit and miss with the companies not emphasising the economic end.

From the empirical point of view it is interesting that there was not support for S2 the divisionalised organisation, which Peterson and Berger (1971) explicitly suggested for the recorded music industry, and found in non-profit organisations (Binder, 2007) or the cooperation found by Reay and Hinings. There was some indication that decision makers accepted that A&R and business did not mix (B) but there was no general indication that the two logics did not mix well was used as a strategy to reach both ends.



Although the thesis has pointed out the different ways the two logics could be envisioned to play out in any field where the two logics co-exist, it has not been established that the end result in all the creative industries is identical to the recorded music industry in the UK. Film, for example, has much higher initial production cost than music and is therefore more likely to be restricted by financial concerns right from the start. Were decision makers in the recorded music industry found their artistic freedom limited by financial issues, the limitation would most likely be even stronger for the film industry. Further for the film industry to be successful, the films need to be shown in cinemas. For those who own cinemas it is costly to show a film that does not from the start fill the show, implying that putting on films that have no or only limited marketing support is a high risk strategy. This situation would indicate that the film industry would be limited by the financial aspect in a greater way than is the recorded music industry (Caves, 2000; Lorenzen, 2008).

In spite of the high initial cost and the potentially great limitation of the commercial end the international film industry is often referred to as divided into majors (international conglomerates) and independents. Although the distinctions between the international conglomerates and small local companies exist within the film industry, further research would be needed to establish whether this division is also based on the same value laden division as in the recorded music industry in the UK.



The thesis started from the proposal that the co-existence of multiple often conflicting logics allows for heterogeneity of organisation. In an effort to illuminate the micro-processes that lead to this pattern, the thesis analyzed how decision makers within the recorded music industry in the UK deal with conflicting logics in their every day practice. Interviews with decision makers indeed revealed certain heterogeneity of action: they either emphasised one logic over the other or they attempted to combine the two logics. Yet in spite of indications of heterogeneity in how decision makers dealt with conflicting logics, the field still diverged into a duality of organisation. The two organisational forms in the field, the majors and the indies, respectively reflect the commercial logic or the artistic logic.

There thus seems to be support for the proposal that multiple logics can lead to heterogeneity of organisation. However, at the same time there are also indications that the two logics only lead to two legitimate ways to organise in the field. Rather than including the many potential combinations of the two logics the two have been established as the duality of major vs. indie distinction in the organisation of the recorded music industry in the UK. This means that even if the two logics necessarily co-exist without a seeming dominance of either one within the field, there seems to be a dominance of one or the other within each of the organisation. This seems to lead to only two organisational forms, rather than a wide variety. Yet even if there are not at the macro level signs of hybrid organisations, both logics must be taken into account in all the organisations in the field. This means that organisations adhering to the commercial logic must at least to some extent take the artistic logic into account (in the music they sign) and organisations adhering to the artistic logic must take the commercial logic into account at least as a limiting financial factor (for how much music they can afford to put out). The two logics thus clearly exist in the same field and are dependent upon each other. In other words, where the artistic logic is

institutionalised as the independent record label, this independence is somewhat dependent upon the commercial logic.

It is further important to emphasise that this conclusion could not have been reached looking at either the macro or the micro level separately, but only through a multilevel approach. By asking decision makers about the work process involved in the main tasks of the recorded music industry, this study revealed a link between the micro level and the macro level, as well as between the cognitive dimension and the normative dimension. The study further illuminates how the strength with which decision makers value the ends of the respective logics can create better insight into how decision makers deal with co-existing conflicting logics in their everyday practice. The conclusions from this study thus advance our understanding of how individuals contribute to the perpetual coexistence of multiple conflicting logics, which in turn makes heterogeneity possible in organisational fields.

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## APPENDIX A- MUSIC INDUSTRY TERMS

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A&R – artists and repertoire – the function of finding, signing and taking care of artists within a record label

A<sup>2</sup>IM – American Association of Independent Music

AIM – Association of Independent Music in the UK

Album – see also record. A collection of songs, recorded by an artist and sold, on CD, Vinyl or digitally

Billboard – weekly music industry publication, published in the US

BPI – formerly British Phonological Institute, the music industry's trade association in the UK

Break an artist – Success. An artist is said to have broken internationally when his/her song has made it into the international charts.

Chart – information about sales performances of music, published weekly with information of overall sales, for singles and records as well as broken down by genres. Compiled by the UK Charts.

Copyright – intellectual property right of the recording.

Demo tapes – artists send tapes (or CDs) with samples of their music to music labels in order to try to raise awareness of their music and get a contract.

Digital distribution – with the emergence of mp3 files, and other formats of music to use on portable players such as Ipods and mobile phones, the distribution of the music is increasingly digital.

EML – one of the majors

File sharing – mode of distributing music (illegally) online.

Genre – type of music, such as jazz, pop or rock

Gig – live performance of an artist/band

IFPI – an organisation who represents the recording industry worldwide.

IMPALA – European association of independent record companies and music producers

Independent – labels independent of the majors

Indie – short for independent

Major – the (currently) four multinational conglomerates in music industry, EMI, Sony BMG, Universal and Warner

Merlin – new international licensing platform organised by the organisations of independent music

Meta data – information about the music on digital form.

MIDEM – the world's largest music market held in Cannes every year.

Music Week – weekly publication on the music industry in the UK. Publishes chart information weekly.

Payola – illegal payments to 'buy' free airtime on radio.

Plugging – getting the music played on radio and TV

Record – see also album. A collection of songs, recorded by an artist and sold, on CD, Vinyl or digitally.

Royalties – payments to composers of music for sales and use of the music.

Scouts /A&R Scouts - individuals whose job it is to go to gigs and listen to music, with the hope of finding the next big thing.

Single – one song from a record sold separately, often with a re-mix. This format was on its way out in the UK, but is, however, currently growing in the light of the

emerging digital sales, where consumers are mostly buying single songs, not whole albums.

Sony BMG – one of the majors. The two companies, Sony and BMG merged in 2003.

Universal – one of the majors, the by far biggest on the UK market.

Warner – one of the majors

Win – World Independent Network.



## APPENDIX B- INTERVIEW GUIDE

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### Briefing

- PhD student at CBS – visiting student LSE
- PhD – organisational structure the music industry
- Interview anonym

### Interview

- How did you end up in the music industry?
  
- **How many** are you here in the firm?
- What do these people do? /what are their **job titles**?
- And their **education**?
  
- How do you **recruit** new people?
- Are all your 'new' artists really 'new' or do they come from other labels?
- Do you have a standard contract?
- Has the process always been the same?
- Does it work? Is it the best way?
  
- Could you describe the **production** process?
- How is the job division?
- Is it the best way to do things?
  
- Could you describe the **marketing** process?
- When does the marketing process start?
  
- How is the production and marketing **financed**?  
How is the cost divided between the production and marketing?
  
- What is your **aim** with music production? What is it that you hope to reach? The goal!
- Why?
- Will you reach that goal?
- What would you need to reach it?





## APPENDIX C - THE EXEPTIONS

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Having outlined the field level organisation of the recorded music industry in the UK with the clear distinction between the large and small record companies it is, from the institutional perspective, important to understand how the two record companies who managed to get past the 4% market share barrier did so. How might they differ from the small companies who remain small? This chapter outlines the stories of the two companies.

Telstar was founded in 1983 by Sean O'Brian, an accountant with a background in DJ-ing, as well as accountancy work in porn and at a US compilation label. The business plan behind Telstar was to sell compilation albums at a slightly higher price than the company O'Brian worked with before (Runco) from which he brought with him some of the key staff. The business was highly successful and in the mid nineties it diversified into signing artists to the label (as well as computer games) (The Sunday Times, 1999). Although many of their acts were successful, the bankruptcy of Telstar in 2004 was blamed in the industry on high advances paid to artists like Victoria Beckham, while the management of the label put it down to the Internet and lack of control thereof (Sherwin, 2004).

Whatever the reason, it should be clear from this very short background description that Telstar was founded on a solid business idea. That of selling compilations of back catalogues. And did well as such. Why the decision to diversify into A&R was made cannot be answered based on media coverage alone. It could be that the profit margin of a top selling artist had an allure (as was the case for Virgin) or simply that a record label with an ounce of self-respect had to sign music, rather than just re-sell the signings of others<sup>32</sup>, even if very successful

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<sup>32</sup> Even if the decision as to what music to put in to a compilation album is in some sense an A&R task

at doing so. In either case the record label was founded on business logic, and grew in 1993 to 4.5% market share, following their first signings.

The second example of a record label crossing over the 4% market share barrier, Virgin, is even more interesting than Telstar. Virgin held a 7.5% market share in the UK when sold to EMI in 1992, having in the years preceding the sale held over 8%, slightly larger than BMG and closing in on Warner.

Richard Branson's autobiography *Losing my Virginity* (Branson, 2004) gives an insight into the founding and running of Virgin. There Branson, a serial entrepreneur, describes how he ventured into one business after another, ranging from a student hot line (providing advice on abortion and sexually transmitted diseases) to starting an international airline. *The Student*, a quarterly free magazine for students, was the first one, which spurred the idea of cheap mail record sales. The mail order business, became quite successful and outlived *The Student*, but was seriously threatened when faced with a postal strike. To rescue the operation Branson and his associates decided to open a shop. This became quite a success leading to many years in music under the name of Virgin and the Virgin group ran the Virgin Megastores in the UK and US until the Virgin Megastores chain was sold to Zawi, a management buyout vehicle, in September 2007 (Dearbail, 2007).

From the start it is clear that Branson's strategy was to face insecurity in the market by expansion, rapidly building up more shops and by adding a studio to the business when he heard about the waiting time for recordings. It is thus not surprising that the bigger margin made from producing the music and not just selling it would be the next goal (Branson, 2004).

Trusting in his cousin Simon Draper's A&R ability, built up through the selection of records bought in to the Virgin music shops, this was Branson's argument:

If Virgin set up a record label, we could offer artists somewhere to record (for which we could charge them) we could publish and release their records (from which we could make a profit) and we had a large and growing chain of shops where we could promote and sell their records (and make the retail profit margin). (Branson, 2004, p. 147)

Virgin Records had a great success with its first records, even if it was at the outset not a commercially viable one, as the music was not the kind which would be played on prime time radio. Yet when the music got into John Peel's radio show Virgin Music was on the map. When popular music changed with the emergence of punk, Virgin found it temporarily difficult to attract cool new acts, which Branson blames on the hippy association. However, proving to be the only label able to manage to deal with and keep the Sex Pistols changed this and Virgin set out to grow further, both on the national market and also internationally (Branson, 2004). Among others, Branson started French Virgin Music with Patrick Zelnik the current president of IMPALA.

Virgin records became very successful through a combination of Branson's own longing for adventure and willingness to take risk, along with his belief in Simon Draper's A&R decisions. On more than one occasion Branson's action in the face of uncertainty was to raise the stakes, rather than to cut the losses. In most cases this has worked out, until Virgin Atlantic was under attack from British Airways and the financial situation required the Virgin group to sell Virgin Music. Having to sell to EMI, which Branson had been eyeing as a potential take-over target was hard, but selling Virgin Music, the most successful part of the Virgin group, in order to save the airline was in Branson's mind a better bet than letting the airline go and possibly taking the music label with it (Branson, 2004).

Even if Virgin did not share the international structure with the majors and was only for a very short time publicly traded, it does to a much larger degree fall under the commercial logic than the indies. The case is, however, made slightly more complex by the differences between the entrepreneurial thinking Branson applied and the economics of large publicly traded companies.

The equity question was important to Virgin and Branson as he describes the brief period of public trading.

Most people think that owning 50 percent of a public company is the key to controlling it. While it is true in theory, to a large extent you lose control just by having to appoint non-executive directors and generally give up your time to satisfying the City (Branson, 2004, p. 185).

In the case of the indies, the control would refer to the music signings, and that is probably part of the explanation here, but on another level the City is risk-averse, not wanting to bet everything on one signing. Further, this lack of control can be a shelter behind which managers can stand when carrying out difficult tasks such as dropping artists or prioritising one artist over another.

On some level, Virgin seems to have been an example of a divisionalised organisation (S2), Branson's business mind (the subtitle of the autobiography does refer to the world's greatest entrepreneur) fully supporting A&R decisions without mixing himself up in them (Branson, 2004). The ability of the business mind to find new ways of doing business, new profit margins to include, was immensely important and so was the willingness to take risk, even if one of these did in the end cost the record label. The duo of a business mind and an artistic talent is quite well known in other creative industries; particularly in European film, where we have famous duos like Lars Von Trier and Peter Albæk in Denmark and the Almodovar brothers in Spain (Alvarez, Mazza, Strangaard Pedersen, & Svejenova, 2005).

Even if we have shown that Virgin did make the jump from 3-7% market share, the question still remains whether the leap from being a small indie to competing with the large organisations can only be made by a risk-taking entrepreneur, someone willing to venture from the legitimacy of the artistic logic towards the stronger emphasis on the commercial aspects.

The necessary growth is made through acquiring other labels, both domestically and internationally, even to the extent of being willing to take over one of the majors (as Virgin had hoped to take over EMI). Another way for a business-minded label manager would be to be taken over by a major and then stay on at the major, building a career within the record company, although this might not suit the entrepreneur.

The music industry today is, however, not the same as when Branson owned and ran Virgin music. At that time the UK music industry was saved from recession by the appearance of the CD which led to extensive sales when consumers switched to CD players and bought their favourite vinyl albums on the new platform (Branson, 2004). Again the industry is undergoing platform changes, but one which is hardly likely to lead consumers to re-buy their collection on the new platform as the only thing you have to do is to insert your CDs into the computer. A growth such as Virgin had thus seems rather unlikely. But what does that mean for new or small labels emphasising the commercial logic? Are they doomed to being legitimate according to the artistic logic, but not really big enough to be labelled a major?

One way of dealing with this is to be bought in part or fully buy a major. Something those who act according to the artistic logics would never consider.

Well he is very, he comes from a very kind of you know, anarchic background – and I think that the very thought of him selling to a major corporation, would probably bring him up in hives.

As the financial analyst with previous music industry training argued, all the independents that wanted to sell have probably already sold to the majors, leaving a rather distinct division between the majors emphasising the commercial logic and the independents emphasising the artistic logic.



APPENDIX D – CODING TABLES

RECORD COMPANY A – A&R

**ARTISTIC**

We get loads of demos - but more often than not it comes because of their relationship with either a band manager or a lawyer maybe.

Sometimes you kind of get lawyers sending demos now. It's weird they working kind of like that.

So that is mainly the way - normally from tips really from people they know.

Then they will go and see the band a few times and if they like them .... it's about hierarchy here so if the managers like them, then that's it and then there normally is a fight to sign someone.

They do get the demos but they don't judge the demo on its own but based on who it comes from. Who is it that likes this band is a indication of the market.

Those with the most responsibility business vice make the decision. Indicating that it is a business decision.

**COMMERCIAL**

Although there the artist is not necessarily thrown out just because he/she didn't sell a lot, the first measure is finance in the amount of money spent on sales and marketing and the return in sales.

The second measure is the music they make under the pressure of possibly be thrown out. If this is judged to be good, then the artist might be kept on.

Success is measured in sales, not critical acclaim

If they don't think there is a commercial story for artist from abroad they will decide not to take the risk - but they will take the risk on artists that they signed.

Sometime you can see that – there is potential but they just need to go and write some better tracks.

Especially if you have spent a lot of money on an album and marketing it and it does not go well then you can't just close the job unless you are really sure it's not going to work.

I mean they will let them go away and write some new stuff, and wait and see what happens.

I mean, gold is I think 200 is it 200 or 100 thousand records. I mean that is pretty much a lot of records but now a days they want million selling record and if they don't – I don't really think they think they have broken and artist

What normally happens is that you – they, our bands automatically go to [the same major company in] America and then if they decide that they don't want to pick them up and put them out then we will kind of, try to find somewhere else that will.

More often than not we will go somewhere else, because [the major] in America aren't particularly helpful. They will get all excited about our bands they go this is great it's going to be great but they don't do anything.



RECORD COMPANY A – SALES

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>You can have – the best advert in the world you can have the best retail campaign in the world but once the record is out there that is when it gets – the indication of whether you are right or if you are wrong.</p>	<p>Here the reference of being right or wrong is whether people like your music. This is not simply a function on how much you spend - there is however no reference to the art.</p>
<p>For every one you get wrong – in terms of – negatively there is always one – that over excites your expectations. So it's a balancing act. And that needs to be reflected obviously. And the forecasting and the budgeting process.</p>	
<p>It goes without saying if you budget everything what it could do and if a couple of them slip you are in trouble aren't you so you need to be quite balanced</p>	<p>The success is measured in the sales, which are very hard to estimate, because nobody knows how the art will be perceived, but you still need to try. Indicating the importance of the profit in planning</p>
<p>The role I have got here is to sort of manage [the labels] business. In terms of making sure that we hit the targets.</p>	<p>The target is measured in sales</p>

It's our job to sell them the record, make sure that they have got enough. Make sure we get the best prices for it. Make sure that we make the right decisions in terms of – when we put it out in the store where we are putting them in the store.

There is a campaign department that still works on behalf of all the [companies] labels. Which focuses more on the mid-price and sales that aren't really in the charts right now.

and inevitable that means a little bit of crossover but we work really closely with them when it comes to them negotiating prices on our chart lines. They discuss it with us before going back to the retailer picture of what is going on in each area and drive that home

It's quite a reactive business, as certainly in this company. Ah everything should be laid out and planned but there is always an urgent meeting there and urgent conversation that you have to have, you get dragged away. Which is very frustrating. But I think it happens as much at [the label] as across the whole building

But not only sales, also how much profit they make of the record

So obviously we have now gotten them on high profile TV – millions of people watch it. Huge opportunity – so we have stop what we are doing basically and get on the phone to make sure that we have got the record profiled in the right places from, next week, the latest Saturday morning.

The emphasis is to optimise the sales opportunity based on the attention

And it's getting harder and harder because the UK industry is so price centric these days – has been for a while. It's been frightening it's so relying on strong campaign offers. That we need to go to mid-price a lot quicker than we used to. Five years ago.

Use price as way to sell more.

It's quite affective – if you get, if you time it right you can get another 100,000 + sales out of that.

If we didn't do that we might have sold 10,000 at full price.

Do the maths, 10,000 at 8 pounds net or 100,000 at 4 pound 50 net. It is quite easy. A clear cut profit measure of lowering the price.

RECORD COMPANY A – MARKETING

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>About the artists singed to the major in other territories. Here the winner refers to the sales/financial success of the artist.</p> <p>So sometimes we pick them sometimes - you know the band already have a history. And it's easier and sometimes we just pick the winners.</p> <p>It depends on what our schedule is like. We quiet realistic about when we want to drop stuff. So you know they really want us to work on a rock band and you just think at that moment in time there isn't enough of an American story - for us to kind of get the media really interested or.</p>	<p>Then I kind of coordinate – between press promotions the online guy's my club people, to make sure that everything peaks at the right time for the release.</p> <p>Then we get all the right TV pluggers radio sessions and everything and airplay just to make sure that it all comes at the right time. And then I will also put together the marketing plan</p>
<p>Here the trust is related to the judgement as to when the artist is most likely to make money, when there is enough story in the US to get UK audience interested. Or the artist does not have to fight with other artist for attention</p>	<p>Interested enough or you know the schedule is blocked with rock and we would want a do it in February when there is time - when there is a window - they'll be fine with it, they trust us just to know what is the best time.</p> <p>Everything – happens at the right time. The optimum affect – and then I can back everything up with TV advertising anything like that is down to me and all the budgets.</p>
	<p>The aim is to maximise the attention and through the attention sell more.</p> <p>There's, you know, plans in place for say six months, and sort of weekly reviews that just its just very very, it is really looked after. Because in music things change so quickly so much – and you are always on the hot for something.</p>

You can't really say, and often what you aim to do in the beginning is not quite what ...

to be honest nine times out of 10 its more than you thought.

But of course cause you can't predict, you work with people not objects it is hard sometimes to hit it, you know, spot on it is interesting how important all of them are, if one isn't there – things just don't happen all lot of the time.

You CAN survive on TV alone but you, can only get to a certain point you can get, you can survive on press and radio alone, but until you get on TV your – can kind of always measure that in terms of what is selling, it is obvious to say that is why it is important to be able to, you have to coordinate all these things to happen at that right time, and always to have, be looking ahead to the next thing you are going to do and the next thing after that, and where everybody sees and act going

regional breakdowns and area of strength. And what formats are selling in terms, compared to other once and the downloads and all totally at our fingertips.

All that kind of stuff we can see. We can put you know TV appearance in a certain region down to so many thousand sales in that day.

All the aspects need to be in place to sell, it is not enough that one of them is on. Even if this is not clearly stated it is assumed that this goes for the quality of the art also, that is great music will not just sell on its own.

Directly monitoring the sales/profit of the marketing campaign

if I know that [and artist] is huge in Scotland – I'll book for [TV series] spot on the telly – just in Scotland and the north. And it will cost me a fraction of what it would cost if I did it nationally or in London.

It's just a cost effective thing really. If we know it works there, then we might put the money on a national spot in the following week. We can test regions of strength. In order to work out how much the national should be

RECORD COMPANY A – HRM

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
	<p>We have been doing a lot of training course on brain dominance which is looking at which side of the brain the person uses which one is the dominant what we learn about that and the communication style involved in the company. What we find is that the people working in the creative areas are very much left brained and they find it very hard to focus and they very much look at the big picture while the people working in the central areas are very much focused on processes and policies and this is the way it is done.</p> <p>And we are often up to clash where both sides don't understand each other's, so we have been very much working with how we can make that better.</p>
	<p>There are two different modes of thinking within the company. These do on some level correspond to the two logics studied here.</p> <p>And the differences create conflicts – a bit similarly as the problems the independents have with the majors</p>

<p>That is always going to happen the labels are always going to find the central functions more corporate than they would like. And the central functions will always find the labels frustrating because they are always like... why don't you focus, why don't you do what you are supposed to do. This is kind of the way it is, it's kind of accepted.</p>	<p>People getting very frustrated – well that happens in any company.</p> <p>We do appraisals on annual bases which we have just moved to the April and May when the staff will do them. We keep them very basic a creative arias of the business don't always like to do detailed appraisals. They say it is a bit corporate. In other arias of their job, it worries we do this sort of every year. ... everyone will just do it with those they report to .. they would review the objectives that were set at the previous year and how much they had achieved, the business benefit of reaching these objectives. The individuals particular strengths and weaknesses and performance against that and maybe the competence of their division ... then set smart objectives for the following year and any training or development need and also where the individual wants to go with their career.</p>
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So they do extensive job evaluations and appraisals – to see if people are reaching their goals.



The appraisal at the moment is completely separate from finance – the reason is that some of our managers aren't very good at setting smart objectives. And until we get to the stage where they can set more specific objectives and which we can measure their performance against I don't think it would be fair to introduce the idea of relative pay. What we do have is bonus to the managing directors and that would be based on the performance of the business unit and the company as whole. So say if someone worked for [label name] their bonuses would be based on the performance of [label name] in 2005 and performance of the services would be based on the performance of the UK base a whole. So there is that incentive for them.

The pay is not linked to the performance because the performance is hard to measure? But the managers do get bonuses based on how profitable the label they run is.

RECORD COMPANY B

	<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>The decision is not made until more than one person has seen them and agreed.</p>	<p>so say for – band X – a label decides they want to sign it. They are interested in it. We all talk about that. They ask various members of the team to go see them play live. All of that process happens. The decisions – gets arrived at a slightly kind of informal way.</p>	<p>And the first of those will be the thing that we call a pre-project meeting, which is essential, the initial planning meeting. And that will be me, [the owner], the head of the Label and the key department head here. So the head of sales and marketing – the head of the promotions team and the head of international team.</p>
<p>The artistic freedom is to some extent limited by financial concerns</p>	<p>Essentially the labels have autonomy in that – if they really put their foot down and say we really want to do it. The only thing that they won't have total autonomy about is saying we want to give them....</p>	<p>And we will all sit down and having spent some time with the music. And we will do a very rough – run through of the ideas behind the project. Why we signed this band. What are our expectations?</p>
<p>But the first step in working with the band is to get some interest in them within the label.</p>	<p>Then once they are signed. The label goes through the kind of formalities of introducing everyone to the music circulates the audio and we start a series of meetings that, eh that lead up to the – that are our way of setting up a project.</p>	<p>I think some label, might do the economics in a more formal way before they actually decide to sign it. But that's never how we have worked. And I think I kind of I like that. I like the fact that [owner] runs the whole place pretty much by feeling.</p>
<p>There are financial concerns, both at signing and continue working with the artist. But not really until the band is already signed so it is not first priority</p>	<p>Ah – and we will also look at the economics of it. And the other point where we look to the economics is when the option comes up to decide whether to work with them on another album.</p>	<p>We don't have – until very recently – we didn't operate on budgets. As such we tended to just use good judgement and common sense.</p>

The economics are not at the foundation of decision making in the company

## Record company B

## Artistic/Commercial

<p>And decide whether – and that isn't a simple process of saying well they are losing money so we should let them go. If it was we wouldn't be the label we are</p> <p>It's much more about – whether we think it is the right band to be working with for us. I suppose whether it has a prospect – by the time they get to their 3 or their 4 album – that they will be making money.</p> <p>But also, there is a value at having some bands on the team just because they are great bands and you even if they are not making any money they might – keep the commercial hat on – they might bring you other bands. By the fact that they are signed to you.</p> <p>Or at least it seems to be, the letters I get. So there are probably about 20 people out of a 100 that are currently working for us hoping that one day they are going to get to be an A&amp;R person sign bands and start their own label and do all those things.</p>	<p>But now – with the size of the company – and the kind, also the kind of nature of the marketplace we are operating in seems to have changed slightly. We do operate on budgets.</p> <p>Then once the record is out. And hopefully selling. Then we will kind of do a review process of the economics in it as the next decisions come up. So I'll revisit the template that we discussed at the planning meeting.</p> <p>Updated with actual sales rather than estimates and actual spends. And kind of get an idea of where the project stands. And I'll do that as we approach these decisions points. And these decisions points might be should we do another single or should we agree to support a tour in this territory or wherever.</p> <p>So just you know – there is a kind of nature thing. But it's also you just need to proportion the work load. You can't have one person doing absolutely nothing and other person doing everything.</p>
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They justify losing money in the short term, by the long term financial returns IF the they feel the band is the right band. Thus building on both logics

There is a size limit to basing decisions on the artistic logic?

Indicating that there is an element of hope in the effort to sell music? Yet at the same time doing what they can to further the sales.

Indicating that the information plays an important role in the decision

Indicating that jobs are given to people within the company, depending on how well they are thought to fit the job. (by personality and what kind of music they like)

The A&R function seems to be the most sought after. Indicating that it is the artistic aspect of the workprocess that gives the value

Sometimes it would be – sometimes you sign a band on the strength of a few demos. Sometimes you sign a band and they, and more and more these days you are signing a band where they actually have got the... whole thing. It is so often the case.

So you try and spread – as evenly as possible, it's very difficult because you end up in. Whoever is working the most successful artists; all the other artists and labels will want to use that person. So that becomes a self, kind of fulfilling kind of problem.

If it is a strong demo that is enough - so the quality of the music is what matters

I think people – I think there are lots of things going on. I think band managers are being cannier about what they should be doing. And they know that if they do a lot of. That there is a lot of work that they can do themselves. To get themselves to a place where a label will sign them and that will get them a better deal as a results of that.

After that initial planning meeting. We have a project meeting which will be all the people – much broader list of people who are going to be working the record. So, the press person the radio person. And we may well ask the artist. Or the manager in to that meeting or both.

I know we had a band and that was just a one of deal, one album deal. And I think that they probably, I think that people probably thought that we would pick them up for another album afterwards but it just didn't feel right.

We will sit down and – that will be a much longer you know kind of freer environment where we kind of knock ideas about listen to a lot of music. Think about how – think – broadly as possible how we are going to work the record.

It was just – it was a great project to work on – and parted very amicably and they are on their way ... with other artists although we can see that it will take time to explain the message of what they are doing to the public. It's a longer process. You want to try to get them in to at least 3 albums.

easier to get away with not being terribly good at your job. Depressingly I think that is true. I like to think that it is not so – the truth here, but I think it is true of the main business. I think it's because such a margin – if you think about what is actually happening, we are selling music to people.

Although the statement above justifies letting them by referring to feeling the second line hints that they didn't think the investment would recouped in 3 albums.

On the unprofessional aspects of the industry, where you can always claim that you went wrong because the audience just didn't get how great the music is.

To get both perspectives in? This is a business meeting, why would the artist need to be there?

## Record company B

## Artistic/Commercial

It really varies and again management of bands are much better in formed these days and much more canner about what they will agree to. And I think that is great – because – we are not in the business of ripping of artists.

And there such a margin saying – well it didn't work because people didn't understand it – they didn't get their heads around it. Now if you try that sort of argument for [supermarket chain] you say – well people didn't get the price of pineapple this week, you are sacked.

Yes they are in business - but not at the cost of the artist.

And – we want to work with people that want to work with us – cause there is no doing it any other way.

Because it's hard and fast business and there is away to do it correctly and there is so much room for kind of waffle in this industry.

Otherwise the deal is going to be considered unfair? Or illegitimate?

And speaking as sales and marketing person – that is best to keep out of the A&R process. It always ends in tears

And I think that the reason [The company] survives is because it has a chairman who is an incredible guy and very stern businessman who happens to love music. Not the other way around. And he has been lucky enough – or clever enough to employ some people that – there is a reasonable approximation of that mix.

Again emphasising the importance of both logics, even if the business logic comes first here, this does not seem to be the way in the descriptions above, where they don't think about the business aspects until after the act has been signed etc.

Indicating that the two logics are incompatible

And understand that it's not just about making money – it's also in the long run you need to be credible and you need people to perceive what you do – putting out quality music. And a genuine music fan identify what we are trying to do.

Again on the importance of a balance between the two, emphasising that business is not only about short term goals but building up a reliable company and that for this the music is important.

RECORD COMPANY C

<b>COMMERCIAL</b>	
<p><b>ARTISTIC</b></p> <p>And A&amp;R people, tend to be a particular breed. They want something that everybody else wants. So they'll start sniffing around, all they need is a bit of a hype about something and they'll start to pay attention - and start to track it and follow it.</p> <p>So if I were a manager the first thing I would do is to get a press company involved a... to actually start promoting it - make awareness create awareness.</p> <p>Basically we have and A&amp;R - we used to have an A&amp;R department now it's just down to [the owner] who pretty much signs what he likes. It's as simple as that.</p> <p>Sending a demo to a label is probably the biggest waste of money and time because no A&amp;R man is going to listen to that - Well [the owner] does he listens to everything, and he logs them all in.</p>	<p>When I have an intern I can actually sit with somebody and say - OK you are going to become a promo person and I can sit back and do marketing and support and the things that I actually really need to do to generate money - rather than awareness.</p> <p>You know that promotion leads to awareness that then hopefully leads to money but - they strategic marketing side of it all is what generates the cash</p> <p>yeah - it depends on how proactive the marketing person is. We used to have one marketing guy who really wants to be involved in that stage of the process - because he felt quite rightly that's your point of sales. What people see when they walk in to the shop.</p> <p>Wanted to make sure that you are not having some really obscure front cover that nobody is going - actually to be able to read. But you know - but production pretty much covers that well</p>

Indicating that popularity is important. Yet this is in contrast to the description of the owner at a different place in the interview.

So... even if awareness might not be enough to generate sales, it is important in getting the attention of the A&R people... Does this mean that there is a difference between A&R people and the masse?

A&R is based on the judgement of someone who listens to demo tapes, and thus seems to hold quite strongly onto the artistic logic

This is quite conflicted, the personal opinion is quite different to the owner of the company who listens to the Demo tapes indicating that he does hold on to the artistic logic.

She knows that it's the marketing part that generates the returns but she does not seem to get to that unless they have an intern working for them for free.

From the artistic logics point of view the promotion and awareness should lead to sales

It does not seem to be standard practice to get involved at the stage they know is the first point of sales

And he knows exactly where everything is. It takes him awhile but he does do it. He, I think he is probably the only A&R manager to that level.

Then we will pretty much have an input – but the other side of the coin is that you don't want to lose sight of what is going on. you start to lose sight of what is going on.

Here the justification for the marketing person not getting involved made on the assumption that the artist and production should not be disturbed in the decision process.

He goes to a lot of gigs. He used to have an A&R scout who would go – and basically you just want an 18 year old guy or girl who likes music – and will sit around ... flee pits like ...

So it's much better when it is just the band. And the production person

So places where artist get to take their first steps are fleapits?

And sometimes you will discover something that completely blows your head off.

They will pick singles with A&R and the band. Deal with the artwork – get posters and flyers – for them self's.

The artist is – you know they are fucked because they are un-recouped and the label is fucked because they spent all this money on stuff and didn't get it back.

And 9 times out of 10 the UK marketing people forget to mention – to international that they are actually making anything – until they arrive and then international go – oh I didn't know that you were making stickers and the UK marketing go – oh we have only made 2000, you can't have any.

The marketing efforts do not seem to be very coordinated.

we have never dropped an artist because of things like that.

Which is normally a hassle but we tend to try to share these costs. And I can – take sort of the burden of them.

yeah eventually they cross over. And they cross recoup as a band. But yeah – ideally you want every band to make money – but they don't.

But, she they'll put an idea of how they want things to be released. The time frames whether we are making a video or not what tours the band is doing – so they'll deal with the tour agent – and I'll deal with the tour agent as well if there is an international tour.

Here she is describing how bad the situation can be if artist do not sell music, but then she tells me that they would never drop an artist even if they did not sell.

Once you have – [the owner] has a bit of name for him self – people like him. And they respect him so the managers would come to him.

Word of mouth on the label – good music attracts good music

Something – this is the ammunition so to speak. That you give to your tour agent – the reasons why you should put this band on tour.  
To radio pluggers, so that they can get to the producers of the show and say – this is why you should play this record. Part from the. Unfortunately the music itself is not enough – they want to know.. you should play this record because the lead singer is shagging – such and such. It's all bullshit really.  
They can't say – yeah I just like this record yeah I'll stick it on. Which is why you lament the loss of people like John Peel who was not interested in the peripheral parts of the band – he would just listen to the music.

According to the artistic logic the music should sell on its own - but here there is acceptance that this does not fully apply - and grate lament over this.

But essentially we don't tailor bands to certain sound or to a certain look or – we are looking for a new Kylie let's get her and we don't do that.

We sign bands that have their own material or material source and we pay for the recording so when you do the contract you can.

I think everybody pretty much does – kind of makes a record throws it out there keeps their fingers crossed and hopes for the best.I don't know



RECORD COMPANY C – OVER SEAS

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>2 years ago he wanted to try singing an artist so I had been given a tip that [an artist] had been looking for a deal and ... I met him and he had 3 records to put out and I said well put them out and he and I did a joint venture deal – which is a different economic deal structure than royalty based structure. And.. its worked out well it's not that we have sold millions and millions of records or either of us had done well economically it's that he has a relationship to the record label now that he trusts.. He feels really good about that I can't say that he feels really good about that anywhere else I mean he has other...</p>	<p>then began sort of a period where I struggled with corporate positioning. I had never struggled with it because I had worked in very free places that allowed me to think and do and be but once I got into much more of a corporate feeling environment I wasn't comfortable. The truth is that I wasn't comfortable. Every time a manager would walk into the room or an artist would say why are you here you don't belong here. (laughs) and they were right they saw it far easier than I did</p>
<p>It worked out well even if they did not make money on it indicates that it is not the profit that is the main goal</p>	<p>This seems to be a judgement of the corporate way of organising - only bearable if the place is unusually free.</p>
<p>250 demos that we have listened to – we probably get twice as many by e-mail mp3 So we listen to a lot of music</p>	<p>They came back spent a week in my apartment with me and we sort of figured out I had never really run a label this way so we figured out what I needed to do to do it and it was not sure it would last so I didn't want to invest in staff and then eventually very quickly I came overwhelmed</p>
<p>Listening to demos means that they believe that great music can be recognised by listening to it.</p>	<p>The idea was not to invest in staff until they knew that the label could carry it financially</p>

Huge – it's wonderful. Although we treat them autonomously. I'll talk to [the owner] and say do you want to put this out and every record that we have wanted to put out he has wanted to put out I am. It's not that I have wanted to put out his records – it's just that I can't afford to put out all the records that the puts out and not lose money the only thing that Derek has asked me to do is not lose money so that s my job so I try to do my best A&R recourse on the based on that sort of bar.

About the connection with the UK label – this seems to indicate that it easier to act according to the artistic logic in the UK market than in the US market.

What happened was I grew out of that – because at that point I was hiring outside for radio and for press. Because I was not sure it was going to be a company – I just I am a very cautious person by nature so I take it slowly I want to make sure we have solid ground I really am not interested in building an insecure environment that leaves people on rollercoaster

So once I got a sense that the catalogue was going to continue to sell at a certain rate that I could allow for an economic future I decided and do in fact... that I was releasing all new artists not just catalogue records anymore I felt that hiring independence was a .. foolish way to run a company because you cannot break an artist in 3 or 4 months so you are never going to be able to get a the work you need to get done

And stay afloat you just go broke doing that way so I decided that I would bring people in, in some cases I brought people in who had done it and in some cases I brought in people who had never done their jobs and I trained or train them now to do those things

There is an understanding that it is hard work in selling music, but not enough believe in that the sales will always work out if you do them right to be willing to take the risk right away.

We run them completely autonomously..So that ... and that is very smart I think he sort of understands..who I am like I'm not very good a chicken directions like if someone was watching over me every day I would probably go nuts. And also because truly because of who he is, why I adore working with him not because he doesn't watch over me but because I he genuinely trusts me and so he said you run it as if it was your company. And he is smart and he knows I ran my own companies so I'm going to treat it like his like mine. I so I run it with one economic model he has a different economic model for the rest of the world but it's all his money at the end of the day it's all is asset.

That ' depends on what the owners like to do for their living. It's really true like a bond thing they will earn I can tell – I'm not going to but I could tell you how much money I know I'm going to earn every year base on my catalogue sales. So that I can consider that fairly.. as long as the record and dvd business does not shift dramatically.. and from there I can make a lot of decisions.

The idea is to use the profit from catalogue to sign and develop new artists

is I think it's for people at my level - meaning our level if we can hold out for a couple of years and stay the course and never forget that we are in the business of discovery then we will ... have the best position but if we think we are at any sizable economic risk right now short for [an artist] and .bands that I know are going to build our economic stability I take huge risks with ... ? I dam well better be sure that they are going to pay of otherwise I'm sort of jeopardising the future and I'm not in the business to jeopardise the ... future. That is really not the model that I do.

However having said that a media company that was really inventive because there is.. There are a couple of things that are for sure content is king. ... so I do believe that content valuable content will be well ... valued... that is redundant good content will well valued moving forward the vehicle by which the market of the media by which it is transported in... and the lifestyle in which we have developed celebrity will change –

So even if the business is one of discovery of new art - this should not be done at the risk of losing out financially

the whole sort of ... world of press is already changing but [the company name] as a company which looks for iconoclastic sort of oddities, things that do not fit in nice neat little boxes that astound and amaze and that's a great thing to invest in because there is always value in the unique there is never value in the ordinary. So we have a better shot I think.

Staying very true and focused to what the vision is.

First do I release the act without a tour a promo having the band coming here – then I can do it no problem or do I need to have the band come here to be successful? Or does the band need to come here to satisfy the whatever their personal interests are ... and can I afford to and 9 times out of 10 I'm not able to initially do that.

To me the more frightening part of this is that radio programmers are not charged with the interest in finding great music instead they are charged and rewarded for building large corporations and that's a very different thing. Art and commerce sort of can't go hand in glove ideologically you hope you build the best art and you'll get the greatest response.

So the investment in art will pay out financially in the end

The decision whether or not to put out an artist signed to the UK company is essentially a financial decision.

Again on the radio – and how the commercial and artist logics are incompatible... that it is not in the commercial interest to put out the best music, at least not in the short term.

RECORD COMPANY D

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>But the real qualification to be an A&amp;R person – is really understanding music – being able to hear music in an individual way and be able to decide how good it is in a way – and then the ability to deal with the musicians talk to them and to</p> <p>Help them with what they are trying to do and explain what the company does for them</p> <p>People send us tapes and the internet is a credible source of information. You know being an A&amp;R person is being. Is a bit like being a detective – you hear – someone gives you a tip. And you – and it's really what you do with that tip.</p>	<p>So she had a very good industry training. From a Major in a way but she used to be you know a Goth in the early days. So she is just a music lover really.</p> <p>She is very good marketing person – and you know in a way she is the one that has trained the other two people who in marketing.</p> <p>She is the best marketing person I have ever met so I think she gives them a good training and it gives us a lot of confidence that we can – compete in that side of the industry.</p>

So A&R is about finding the music, digging for it in a way. And finding something no one else has heard

Here it is accepted that the major could have given a good training in how to deal with marketing – but the Goth information is almost offered as a justification that she can still be cool/ok even if she has worked for a major.

But they truly value the training she got at the major.

How to deal with bunch of lunatics musicians

Again the communication with musicians is important – and the indication that they are lunatics implies that the responsibility of keeping the communication on good terms is solely in the hands of the label.

## Record company D

## Artistic/Commercial

There are so many – there is so much music out there. We are also lucky in that. You know lots of very good bands – because our reputation is very good – a lot of people want to be on [the label].

Recurring theme - there is more great music out there than we could possibly afford to put out.

I listen to a lot and [name] – down stairs

listens to a lot. Yeah – you don't find so much in demos it's more that you already got a tip and when it comes you are expecting it. Unsolicited demos rarely – you find a band from it.

It's a kind of interesting to listen to them because it gives you a feeling – of what people are doing. But then there are some famous cases where people say that they have sent you a demo. And they got rejected

So it just shows you that – you know it can happen. Something incredible can come through the mail that you don't listen to closely you cannot hear it.

If you are a manager but you never really worked on the shop floor you don't understand lots of things that happen. So if you understand all the aspects of the process – you have a much more rounded view of what goes on.

And given that the problems of the Majors is – everyone is very compartmentalised and that is your area and you are not allowed to have an opinion of any other area. And I always, and that's just such a silly way to run an operation.

I suppose you do need some experience. I suppose to be very organised you need to be very disciplined.

I mean the myth about the music industry is – you probably know is that it is really glamorous but actually it really just is 99% hard work. You know [laughs] you have to be here every day – it's a lot of work to do you have to be here every day – and it's a lot of work to do and it's a big responsibility – and its' peoples life's that you are jobbing with.

You need to understand both the art and how it sells

On the same note as the emphasis on understanding not only parts of the industry – here the emphasis is on the segmentation of jobs at the majors, which probably also gives the majors chance to specialise and thus be more cost effective.

The first paragraph indicates that he believes he should be able to hear it from the demo that the music is incredible. And that he is a bit surprised that they didn't.

If you listen to a whole – if you. If you spent so many afternoons listening to about 70 tapes. It is pretty obvious what is good. Really (laughs) it is really not that hard to tell if something is interesting.

The moment is critical you can't really mess something up – it may never come around again so you have a responsibility. So it is quite hard to find a combination of someone who really loves music and is passionate about it but has a life style that is basically a very work orientated. So that seems to be quite hard.

So the first priority is to love music, the second one is to be organised/business like enough to work efficiently in the industry.

This really does indicate that the quality of the music is a function of the music itself, not the market. Quite often the second person with something new has greater financial success than the first, but this is not what they are after they are after the best music, the original art!

The other thing is that you need to keep up. The other part of the job is that you have to keep up. It's no good saying – look have you read this new book. It's the best thing I have ever read – when it actually is just a pair imitation of another novel that you have never read that is much better.

Yeah we have control we have the final say on the board. So really we can do. Limited by every year we have a budget set. Of how much we can spend that year. The projects we want to do, with some gaps for new projects.

About the financial frame that the mother company gives them. Where they have the freedom to decide what to do within.

So that is always – so that comparative aspect of music is really important. You really have to know – you have to be very very broad in knowing everything what is going on.

And everything really is very very finely budgeted. Seriously budgeted everything so we know exactly how much cash we need through the year and what – given our projections what we think we are gonna sell. And we have all these target to hit.

[the company] is not really interested in signing a group, because that will indicate the road to success and make us.... it's just whether we love what they are doing or not.

And that has been fine because we have made money every year since we began – which is quite unusual because usually a business, as you know – goes through a process where you lose a lot of money and then you hope to break to make the money.

Seems almost surprised that they are making money?



## Record company D

By noticing that this is a business flaw he is on some level taking the commercial logic into account although he is at the same time distancing the company from it.

Accepts that offering money is part of the signing process, even if they don't like to compete with advances

And that is a fatal flaw in a business practise – if it means that we wouldn't sign Robbie Williams, even if he was begging us to. And obviously from a business point of view that is very stupid. But that is just part of the way we are.

it is good in the sense that we have complete control of what we do – what decisions we make. We know, we decide who we sign. The only premier here is whether, if we want to sign a band that costs a lot of money then we have to discuss that. But we don't really like to – but we don't really compete you know trying to sign a band offering most money.

Its rarely the case that that, it rarely happens, occasionally that happens – it is more often the case that we find them pretty, relatively early and they want to work with us and we work something out which is reasonable.

The relationship with the artist is very important as they do not compete in advances but rather hope to compete on the artistic logic.

## Artistic/Commercial

So the economy of scale of making a project break even, which is usually the way I find thinking about it – we can do this if we can break even not lose any money.

But it is very difficult because the economy of scale is enormous – the costs of making records and do marketing. To tour. It is very, very expensive.

As soon as the record is made I give it to everyone. In the office to listen to – and hopefully they are excited about it – and then it goes out. Internationally – they send it out to all countries. In about 35 different countries.

And the marketing people they just – and they sit down and they start to work out what they want to do. You know booking the ads – and you know and sometimes making television networks.

So the goal is not to make money - but not to lose money!

The excitement is important – as there seems to be a view that to be able to sell music you need to be excited about it. Either that or the people working at the label are the first measure the A&R people have of how

very very rarely do we do that – but it has happened. I happened this year with a band from [country] – just because we just lost far too much money. Promoting them – we lost over 300,000 pounds. And we just made a decision with them it wasn't to continue. But it doesn't happen that often.

Artists are only let go if they have created a huge financial loss.

It's not that we are arrogant and of course we get worried that they are going to leave us. But as long as we feel that we are doing a good job you know we feel like we have a good chance. And if we don't.

And if they want to leave just because they have been offered the most amount of money somewhere else – then in a way – good luck to them.

This almost sounds like a band that puts more emphasis on the money than art is a good riddance

It is only worth while if you have something brilliant though. It is very, very difficult if it is not good enough (laughs) it's quite, I think it is quite good in a way because the public on one level they are very unforbearing – they are very good you can't I think it is good that you can't sell rubbish to the public.

The marketing does not start until the music is absolutely ready.

In some respects – and then in other respects, you know things that are really wonderful don't get the support of main stream media. As the artists deserve.

Mixed – on the one hand he claims that people will not buy bad music – but that does not mean that good music gets attention.

Learning what you – if you didn't know what to do you where starting from scratch it would probably sound very daunting? How do I engage in this – but actually I think – there is a pattern of things that you do.

Indicates that there are different levels at which this can be done. Either by using money on promotion or not.

we would offer them - yeah I mean – we would be competitive. If it made financial sense. I mean with a band like [name of band] – I mean we would be foolish – you can't expect them. You know – we haven't grown up with them all our life's – we just met them 6 months or so – we can't say to them come live in our house and we will just give you bread and water and it will be great.

That are in a way quite simple. You are making a record get a good sleeve, get a team of people together – someone to plug the record at radio and TV someone to be a press officer – if you can afford it. If you can't afford it. You have to do it yourself. And you can do it yourself.

## Record company D

## Artistic/Commercial

We have to say – we give you a three course meal.(laughs) we have to be competitive. You know its fine – you know you can be competitive if you think it makes financial sense. I mean – we would not make a really silly deal whereby we would risk our future by – giving them everything. That would not make any sense.

You can do the press your self – send them all out to the radio stations yourself, you can be a cottage industry – and that is part of what is good about being independent. You can do a lot of things yourself. I mean sometimes I wonder if it is too loose – but it seems to work ok

About the organisation – meaning that it is not as strictly defined as other businesses, but since it works, that is they are still in business and not losing money they think it should be ok. Does that mean that they only reach out to the business logic as far as is absolutely necessary for them to not lose money?

comparing the two logics, from the commercial logic they spent a lot of money and do not reap the benefits, but from the artistic logic they made a great record.

So – you can either say well [the label] is foolish in spending all that money in getting them to that position – or you can say that we are lucky they have a fantastic record – had a great year with them.

Or you can say – they make the next record with them they have done it – they have – it has worked out right. If they leave we – have a really classy record and that will be in our catalogue. And that will sell forever.

and good art will sell forever..

So they idea is to be independent – with the same mentality that we have always had – which is trying to be fair to people and you treat them like adults and you don't talk down to them and you are not going to treat them like a commodity.

Because you have a whole big part of it – is artist are very delicate physiologically. So it is a big part of the job – to deal with them. Give them confidence and give them a context where they feel secure to do their work and do their best work.

And I think that is a big part of – of being a label and making an artist feel like what they are practically on that label and the other people on the label are good so I better be good – that is important even if it is unsaid really.

RECORD COMPANY E

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>Well there are lots of different ways of finding them – from demos we have signed several people from demos.</p>	<p>And I just decided I had enough of [consumer product] – and actually they are not that different. You know they are specialist niche products –</p>
<p>We sign people from people we hear about – through contacts and friends and... we sign people we have bought records – that are either on another label or on their own label or something.</p>	<p>So all thought they are different there is a lot that is similar in kind of marketing and distribution and just thinking how you think about them.</p>
<p>Also it depends on where they want to be – some artists want us – some artists just want to put out their record and they the sort of record – a very specialist record that – will just sell itself on its own merit.</p>	<p>So then we will put together a campaign of singles and whatever comes – life activity and marketing material</p>
<p>Or we will talk to them about what exactly it is that they want to record. And they will have demos and – so that's</p>	<p>We tend not to do very much – you know stickers and posters and t-shirts and key rings and whatever. Junk</p>
<p>And that varies and sometimes we will have to have a lot of input because the project requires it, or sometimes we don't have very much at all.</p>	<p>or it's something – it usually just develops – and usually you don't do it in a very orderly manner – it happens because you suddenly just realise what you ought to be doing.</p>
<p>Or it might be a record that has more commercial potential and we will talk to them about what we think is needed to kind of fit in to what radio and press and distributors and shops – might want.</p>	<p>It's really the smaller records don't sell on word of mouth – the records – used to just sell on like this.</p>

Business knowledge is transferable

Good music will sell it self

Not a positive evaluation of the means of the commercial logic, deeming it junk.

Regret that it is no longer possible to sell simply based on the quality of the music.

## Record company E

There might be an commercial emphasis, but only if that fits with the expectations of the artist

the decision to keep an artist on the label is not based on the financial aspect but how well they are getting on with the label.

It is hard to know if this comment refers to one logic or the other but most likely it refers to both. That is putting out good records but not lose money on it. For a good record to work out it must not put the label in danger of going bankrupt.

## Artistic/Commercial

And that is kind of process – is started by the artist about what their expectations they have.

well it depends, it depends on how – and usually we would just carry on we have got three albums – we carry on and develop the artist. Almost always that's what we do – if the relations – we are not getting on with the artist. And they are not happy – then we might just leave it at one. But generally

If it goes really badly and does not sell at all – we – go to the artist and say – we can't pay you the advance we agreed. We can just pay you this – and almost always they will say yes. Because it is obvious that we put it out.

[The owners] initial aim was to – get them self's out of their contract with [a major] and release any record they wanted to release. The goal was just to put out good records – and we have been trying to do that ever since.

Sometimes it works, sometimes it doesn't

And that is much smaller – that's much harder.

So when the album is complete – that is usually when we start thinking about it. On a bigger project we will. Start planning it 6-12 months ahead. But those sorts of things are not so important. The important thing is to try to figure out what's. What people want from that artist

what they expect from that artist or what is great about that artist. And we are trying – to what is new and what is exiting about them

Mainly depends on what they think they can do with it. If they think, it has potential to sell more copies then they will licence it. And we get less per copy – but they will spend more on it.

The commercial logic is one aspect of the decision whether their music is leased or not.

The marketing plan is not the important thing - but realising what people expect based on the art/artist

	<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>Taking into account both the consumers and the quality of the product</p>	<p>But when it comes to artists I think the rules apply. As I'm saying it's got to be - and interesting - who is going to buy the records? And how great are the songs?</p>	<p>So ... spending money at the right time yes, definitely is worth doing but I think sometimes it is about. Maybe mass isn't - it is probably about mass actually. How many - if you spend extra amount on TV - how much would that actually equate? Cost per album?</p>
<p>Defending the record companies - they are not the big bad wolf of commercialisation - the art is just not good enough.</p>	<p>I think it is hard for people on the outside thinking oh those record companies they never listen to our music and blabla bla, most of the music that record companies get in is very I mean average.</p>	<p>Of what you are going to sell - what is your percentage of that cost is actually going to be spent on advertising. And if it's actually going to cost you more to advertise than you are actually going to get from there. Then that is a very big gamble and I'm not a particularly gambling man - but you can also feel it - I think</p>
<p>Although in this statement the interviewee is trying to distance the label from the majors, the justification is a financial one.</p>	<p>It's very average and as a record label, particularly as an independent, we are trying to find - we are trying to find something a bit unique. We are not going to have, we are not a Major - we are not going to have 4 girl bands. You know guy bands. We are not going to have lots - and we are going to hopefully fits to a niche or maybe starts a trend.</p>	<p>You can feel - you can feel there is a moment when, the country is moving in with you and you are starting to not just to reach the core base but you are trying to take a step up.</p>
		<p>Spending money is only justifiable if you know that you are going to get returns on the spending</p> <p>Quite economically rational calculations of whether or not it would be cost effective to advertise.</p> <p>And then moving on to the foundation when it will start making sense to spend on advertising.</p>

Don't get me wrong we respect the fact that people have made the music. And we respect the fact that people we would never be horrible to anybody and we would always reply to people.

Yes because they have taken the trouble, I mean I know I've made umpteen demos myself which never got – very far at all. So I know what work goes involved in making those things. And that's fine.

But I think people have to realise why they are maybe not getting noticed. Having a nice voice, looking alright aint enough.

So you get a lot of those sorts of things and you don't want to take them all on because, some of them, most of them aren't good any way and it is too much of the same thing.

Unlike the references to there being more music out there worth putting out than the label can possibly afford to put out.

And then you start getting more radio opportunity and you get more TV once it starts to snowball – then I think it is worth taking the gamble because all that will do is fuel that snowball to go faster and faster and faster.

We have just done [an act] in the UK. Second biggest selling single in the UK Blab la – yes it is not real music we understand that – but what it did do is it caught a tone – it caught the imagination it existed people – it existed people for different reasons.

Some people because they absolutely hated it – and wanted to kill the thing. Or it – excited them because it was a lot of fun an people thought it was funny.

And it was a good record actually – and the video was fantastic. That- you can't – that is not a proper artist but it is an example of something just – exciting and motivating and not just copying – what is the point in having the same – thing as we have had a million times before? That is only one thing... it's going to be over and move on.

The question has to be – does putting something which you know and acknowledge is not real art – not go absolutely up against the artistic logic



Sometimes you get an artist that comes in which has talent we think they have got good songs they have made – they maybe haven't got great songs. So then there could be a period of development of putting them with other writers or developing their own writing skills or maybe a producers. Maybe they have great songs but, and a great talent but they haven't got a sound. As such.

And then there is a decision to make on, with them, not for them. How this – there is a difference between a song and a record.

You know a song is a song a record is a record. Now you can have a great song – and shit record. You can have an average song a great record. Hopefully what we are trying for is a great song and a great record.

I have great admiration for people like Graham Wallach and Simon and ... who have been putting together like Westlife and Boyzone that have been put together and the formula has worked. I think that is quite rare.

– we don't do check book A&R here – we don't go after, you know. Yes if we want something well go after it – but we are not going to just try outbid other record labels. Just so that WE get the project and no one else does. Again we are independent it would not make any sense in that.

Admires those who can put together bands/records that sell even if they have not went that far as putting together bands them self's. These boy and girl bands are however quite far away from the artistic logic.

So the justification for not doing check book A&R is not that they would want the act to want to be with them not only for the money, but economic... that it would not make economic sense for them.

I have always been a bit of a sales man although I resisted that. For a while – but then actually realised there are different types of salesmen – and as a music plugger that is what you are – you are selling music. You are convincing people to play music. Which is sort of selling.

Some pluggers specialise better in certain types of music. So – I'll yeah go and find them

Not everybody can be as excited about. I don't think everybody can be excited about everything.

Some people are going to be more excited about something's than others. So, you know, somebody might be very excited about a cool band, but not get the [an act] in a million years.

If I did if all I had was cool underground bands we might be the coolest label in the world. But not actually have any money. And never be able to take these bands further – so I'm not. So – I have I think you can see it from both ways.

Indications of a struggle - justified by the artistic logic, you are not selling, just getting people to listen to the music and then they decided if it is worth it.

people that are excited about the music will sell it better.

Justifying the emphasis on the commercial logic with reference to the artistic logic. If you don't have something you can sell, then you are not going to be able to do what you want to do for the great art.

## Record company F

Economic justification for not spending money – probably not that far from the justifications of the other independents.

## Artistic/Commercial

<p>Keep spending to a minimum realistic – because you know what – the artist will benefit. Because if you are spending a shit load of money at the beginning the artist is never going to recoup.</p> <p>The artist is never going to get the money back until they start earning. So they might – what is the point in an artist having a nice honeymoon period for 12 months – cars and swanky hotels and flash videos and all this stuff which is actually coming out of the bottom-line of the artist – so when they actually do start selling records they are not making any money.</p>	<p>You know – there's of course credentials are brilliant. And we don't want a load of <b>crap all the time at all</b>. But every now and again, something connects with the public.</p> <p>And no matter how great we might think that something cool and funky something is – sometime the normal people out there they just want to have laugh and a great old dance.</p>
<p>You know – they – a small label signed someone for small amounts of money that label, gets – that artist then gets big and then decides it wants to go somewhere else. You know – and small label – what do they do – they go – or well we keep them, and carry on spending, which is our first favourite option – or do we let somebody else take it – and be paid for it. I think the likely – if we got a success on something we would like to see it from start to finish. But sometimes an artist wants to go. Human nature</p>	<p>And I think a balance is what is needed. You need good credential music. – You know the pioneering talent, real artists to do real music and then every now and again something to put it all in perspective. Hopefully, as a label we are able, capable of doing both sort of things, that is why we have different sort of labels. So we can do our cooler credible and slow burners – as we call them but we can also do a mad and ridicules hit that is gone tomorrow thank you very much goodbye.</p>

so as not to lose all legitimacy according to the artistic logic

Here he really does talk about both sides – that of course you can not only put out crap... but the fact that they ARE willing to put out crap (and admit it) means that the artistic logic is not the highest priority. That they are willing to compromise quite liberally on this side in order to hopefully make money.

## Record company F

Justification that the record company is not the bad guy... another independent label claims that the artist do know what the label has done for them.... So does this mean that they have run into problems being accused to act in the same way as the majors have been accused of acting?

Here the claim is that money is not a goal in itself, but rather an affirmation that you did the right thing, you signed the right music.

## Artistic/Commercial

I think – you know when someone is starting up they see the record company – oh fantastic this is my big opportunity. And they have got nothing and the record company is going to – people don't understand the amount of money the record companies do spend on things, have to spend on things.

And it's just not because we want to make a lot of money – it's quite proud if you felt oh I really want to sign this artists or this record you don't want to be the only person in the country to thinks it's great.

You quite like everyone else to agree with you – and the best way for them to agree with you is for them to go and spend the money and buy it.

The money is great as well, but it's actually an endorsement of whole I did to the right thing. I did make the right record. Or I signed the right artist.

RECORD COMPANY G

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>yeah it is – you make it - at the end of the day this is. Brush a way the creative involvement and the development process. You know we are venture capitalist. You know – crudely put but at the end of the day – we go out and invest money in deals with artists on a long term basis for their development. As in means in developing a brand I suppose</p>	<p>A promotions agent who's going to go and evangelise, because a lot of the early stuff is to producers of radio shows – local radio – local TV, National TV – and you know – and people go around with – CD – great new band that we signed. Bla blab la might not be right now – but keep an eye on him.</p>
<p>I'll go from probably the weakest one first. The weakest one is people sending in tapes. And the best way of putting that is. That that's like junk mail.</p>	<p>Hopefully you have done it – you have signed something that is unique has something that is different – compared to everything else that is out there...</p>
<p>A God that is terrible to say – about peoples work. But it is. You know.</p>	<p>So you know – you try to pick your differences out – and also you trying to make sure your are in sequence with the bands development.</p>
<p>I mean if you where trying to get a job – just sending a letter around to every employer in the country is probably not the best way of doing it.</p>	<p>Sometimes they are just not ready to be successful – and it can screw it up - that is a technical term (laughing)</p>
<p>I mean it does happen and you do now and again – you know. Because we get 2 or 3 hundred a week – at least.</p>	<p>You set up this line it's a very it is, for me it is a flexible thing. Because you don't know what is going to happen – you go and you play this to a radio station and they love it.</p>

Here the idea is that you make people aware of the music, in the same way the artistic logic argues, but the way this is presented is very sarcastic indicating that this is more a selling thing than spreading information.

Hopefully does not claim great trust in the ability to recognise great music - is that because here the goal is sales?

Here demo tapes are not thought to be worth much - at least not the time spent on listening to them.

And sometimes you open them up – and you put something on but – you just don't have the time.

9 times out of 10 people – music is a wonderful thing because people love to tell you about who they like and what they like – so you know that's – one of the main ways that we hear about stuff- that they'll be on the ground and – rumour will spread that this band is really good and they'll play in Sheffield and we will go off with a trail of other record company scouts, hopefully not.

So if music is really good you will hear about it, you don't have to be the first to recognise it on a demo tape.

And the good scouts are sort of the once that are kind of clandestine you know what I mean. They keep them self's to them self's. you a lot of them you'll find they are like anything. They hunt in packets so that they'll all be mates and they'll all go to these gigs together which is happening is actually interesting to see how the music business is actually splitting up.

Again a reference to A&R being about making decisions about music on your own – independent of other people listening to the same music.

In the end it is the manager - responsible for the financial thing which makes the decision

And they play it 22 times a day and they got all and it reaches 90 million people. You know your – gigs are going to fill up. Quicker – the press is going to be more interested TV will want them on.

And before you know it – you are like it has to change- so basically what you set out you think is your median an then you work from there. And also you might fail immediately and everybody turns around says this is the biggest pile of pooh we have heard in a long time.

here the measure of success is how many people like it - if you believed that the music is great then you would justify this by the audience just not getting the music.

you go to find enthusiasm you got to find somebody who is going to make a difference. Within the corporate they have no choice – they sign worldwide deals but it really comes down to that managing director at that company –but it still comes down to an individual. Decision.

Again the importance of believing in what you are selling – if you don't believe in it you are not going to give it full support.

I mean these people are forced to put things out. You know – technically putting a record out means that one copy hits the street. That could fulfil a contract.

We can be very choose about what we work with – an when we choose to work with it we become very focused on it. It's not a process of like – well let's get 4 things in and if one of them works that is a great way of doing our economy. We kind of have to work the other way which is very much focused on – that that's something that we can do. We pretty much have to work on in some shape or form - being successful with everything.

But I' just – we liked to find labels that are prepared to work with us. Ah – so you have got that side of the business. With these monoliths with huge economies of scale and just like – and cash and trying to rationalise everything and trying to consolidate but still trying to getting the creative business.

If you decide to put out a record then it is because you like the music you think it is good music and you do not drop it just because it sells a bit less than you thought it would.

My best explanation of this is like – going out with somebody and knowing whether you are going to marry him.

And you have got the centre of independent labels – that come in and do their thing but on a much more personal - rely on bands wanting to work with them. And the growth future is a part of it.

Because you can't explain – why you get a gut feeling that you are not going to want to marry that person. And you can't say that it's because they are bad – because it's just that you know that there is not going to be a long term thing.

We still got to be competitive so we still pay money and we still go against majors but – there is a different kind of business involved with a kind of – if you are going to sign with a major you might never meet the guy that owns the company – or does things like that.

Financial issues clearly influence the decision when they consider a new album, but it is not only based on the financial decision – if the feeling for the artist is good, then they might keep them on, predicting that the artist will make money on

And there is a different kind of – you know – you are asking for wait – and we work on a much more focused business – that still can deliver.

They have to want to work with them as the label cannot offer them a lot of money?

Draws up the distinction between the majors and the independents. Where the independents offer a much more personal services, where every act does not have to be rationalised.

## Record company G

justifying short term losses with long term investment

Likens the risk taking that they do with the risk that the city takes – but the financial analyst that I spoke to and used to work in the music industry he argued for a basked view, where the risk was diffused with more bands

## Artistic/Commercial

And you sold 500 records. Fiscally it's not working. But what you might do is – like know in U2 or something like that who broke on their 4th album and became the biggest band in the world.

You know they, were getting in to that when I was – product development – we got three things as long as one of the works. It's just fine and that's just – I don't enjoy that kind of work.

Describing why he left the major he worked at. Here the issue is that the majors do not do enough development, they might base the decision to drop an artist on whether or not he sells. Were as an independent would want to develop the artist. His reason for leaving would therefore fall under the artistic logic.

You might have that – you know what I need' stick with this. I'm going to lose money for the first 2 albums but I got that much faith that on the 3d album this person is going to be the biggest artist in the world. And you do do that. We have done it with – we have an artist.

Yeah – but I'm just not one of those – the business of it tends to happen any way even – the independent sit the sticking their finger up – at the majors – I don't think that is a sensible way of looking at it.

Now we might still get it wrong and the next album might be – you know – that's – the City does that all day long. And that's our call we have to make that decision an say – no we are going to stick it out.

I think you just have to look at people's strengths and weaknesses. And we have all started up with the same thing. We all go out to sign music and develop music and put it out. Like a business model.

selling art is business - a clear indication that he knows the two need to co-exist

You know if the bands – we have continued in investing in – then it's tend to powerbase to settle with us.

And think that Major are not sensitive enough there is just too much – of a hard core business model. To be able to sit down and you know – and they forecast quarterly and they have yearly figures - somebody turning around and going – I'll sign it in this year' but it's going to take me 18 months to develop really gives them a headache because the accountants don't get it – and they'll go hold on.

Is the "investment" in bands likely to lead to bands doing what the label wants them to?

I'm making an investment this year and I'm not going to see anything but you want me to keep investing in it and I might see it next year. You know – they don't like that kind of business. Were as we have to.

It starts out of love.

It starts out of wanting to do – you know [the owner] he started his first label – with 50 quid in his bedroom – he signed [an artist] and then sold him over to [a major] your greatest gain is – ever doing that.

And he has never worked for a company - in his life. And he has control and he can do what he wants and – you know – those are the beauties of having your own company – the ugly part of having your own company is you know it's a rollercoaster ride sometimes.



RECORD COMPANY H

ARTISTIC	COMMERCIAL
<p>He didn't do much production either – he said that for the kind of music he was publishing most of the people recorded and mixed them self's before they send the stuff as a demo (actually fully made product) – he said he did get stuff from demos and – and he listened to everything that he was sent (at least half a minute!).</p> <p>He did 50/50 contracts – and the advance, was more of a commitment thing – and to go against recording expenses that the artist might have incurred in making the demo.</p>	<p>The firm has been shrinking in size – one person left at the beginning of the year and has not been replaced – the first reason given that there would not be so much action for the next few months – later he admitted that there were personal reasons for this – both business and family matters.</p> <p>The family matter was that he was expecting a second child and supporting a family off a music label in London was simply not viable. So he was looking for a house with a garden shed outside of London to move to.</p>
<p>Dropping artist – yes he had don't that – it was not easy – but if there was no chance that a record might break even or if the relationship between artist and label was not good.</p>	<p>The business reason was that it was getting increasingly difficult to make money of selling CD's and that this was not the future – and that he was shifting his focus towards gaming and advertising. Music rights in those two industries that is.</p>

So an advance is a signal that you like the music...

Again similar to the other independents, I would mostly depend on the relationship – but otherwise he would see if the record would over time break even.

He described an example of his most successful act that had sold 47 000 CD's which he considered a lot for his kind of genre (selling to a bit older people – not the MTV crowd). But even if this kind of sales he claimed that the main money was not made from the sales of the CD but the right for one song to a [mobile company] ad. So this he would like to be his focus.

He did not do promo himself but had a deal with a promo company he had started himself but sold. The company still shared an office with his label and instead did promo for his label.

With this and a distributor – he didn't really think that it would make much a difference if he did not live in London himself.

At one point in time [a major] came sniffing around – and they talked a bit – but in the end he was against it. As he thought that if [the label] became one of their labels – they might just drop him again very quickly – when they figured that this was a rather small market and might not reach the kind of figures that they were after. This would mean that he would not be able to produce the kind of music he wanted to produce – it would not allow him the same kind of freedom as he had struggling on his own

It would not take a great selling effort on his behalf

So he is aware that his aims and goals are in general not the same as the majors and is afraid that they would not have been able to continue working towards his goals once inside a major.

RECORD COMPANY I

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>The first release we didn't expect to make money of it we just wanted to get the stuff out there, and that's the thing we have been doing.</p>	<p>The thing with the underground it's kind of same kind of principals as the almost mainstream – I think the problems is that unless you are releasing a lot of records and they ... you are not going to make any money of it, if you are not going to make enough to live of it you are not going to have time to do it so it's kind of catch 22.</p>
<p>Quite clear the profit was not the first priority, but to get the music out for more people to enjoy</p>	<p>The dilemma is that you need to put out many cd's to live of it, but you can't put out many cds unless you live of it. Based on this their marketing is based on spreading the word, getting someone to talk about the music before it is released. This is similar to the radio pluggers that try to get music played in radio, and there by bought, but here the emphasis seems to be a bit more on the reviews.</p>
<p>Most of the people we publish are new – we have never been that interested in people that are established. I don't know myself and [business partners name] we just want to hear new stuff all the time. We don't have like a particular genera or type of music we just really like music</p>	<p>It kind of depends, we usually start as early as possible – I mean. For example we do a lot of getting radio people to - send them stuff all the time. Every time we need them. Radio people they can never have enough.</p>
<p>Indicating that the artistic element of the new and unforeseen is almost like a need, that they almost need to hear new stuff all the time, rather than reproductions of that which has been done before.</p>	<p>Usually we don't sent stuff to be reviewed until it is reasonably in a time scale we probably finish a record and then have it lying around for a while and ..... just to get reviews it takes time to get reviews. Ideally you want it to come out when the CD is first released.</p>
<p>Again John Peel. The one who discovered music, by listening to music. He was in many ways very important for this label, as John Peel had played some of their music before he died and thus managed to put them on the map as a label. Which seems to work with them even after he is dead.</p>	<p>... You just get these new and existing acts that get ignored or whatever. I guess it is a bit like John Peel...</p>

## Record company I

## Artistic/Commercial

The majority of acts we usually get from recommendation from people we know or we come across them. Like when someone from Japan comes over there is this amazing act in Japan.

Shops and distributors they only care about print reviews – so you want to get as many of those as possible.. And then get them to do the sales otherwise you can have... Because the shops are kind of pressed right now and they only want to have stock that they know they can sell.

aware that the shops emphasise selling, and that getting people to talk about the music is the first step towards that.

I mean one of the things, in the start we put things out on a gamble but now we like to see acts live because it is so important. I mean it's the main way they commit themselves, I mean if an act does not do live you know performances they are never going to get any level of expose them self's. So there is very little point in investing time and money in them because they – so all the acts we have are very good live and will to ... its not for everyone...

I don't care if he does singles and compilation albums for other labels, if we are still his main label. But potentially he could run of. There is this element of trust we have that kind of friendship... so you kind of hope

At the beginning they seem to have been acting out the artistic logic that it was enough to hear the music once to see if it is good - but now they have learned that there is more to it and that the artist needs to be able to perform

The way he talks about keeping artists on the label very much reflects the way that the other labels talk about it, it has to do with trust, the artist wanting to be on the label.

.... There is not much point in them going into the studio and fool around a lot... unless they are ready. So we like to be involved a lot. Just from our point of view we know what will work well as a record and the first element of it is life, we sort of want the records to get that as well, and quite often the acts they kind of want of sort go into another direction with a CD which

well if a really really big label came and said we are going to release your album and we are going to print like 100.000 copies and posters in every street it would be very hard for us to compete with that, because there is a limit, what you can do we would agree to it, but I guess if we had a contract we would get like founders fee or ...

But he does admit that even based on the trust thing, there are things that they cannot do for an artist and that they would understand that he/she would want to move to a bigger label. But the some form of financial compensation would be rewarded.

Word of mouth, when music is good you get to know about it.

So they do have an influence in the way the record is made, but justify this by this being the bands first record. And the concerts is what sells the recordings. So the argument is that there needs to be a link between the two at this early stage. Even if they do understand that the band would like to do things differently, and that they can later when established.

I kind of feel is ok – if you have been around for 8 years and .... You are very established, but if it is your first record it is very important that it represents what you are getting. I know from my own opinion that – one of the thing that is annoying. Well not annoying but a bit disappointing is that you go to a gig and you enjoy it and you get the CD and it is totally different.

our problem is that we have all this people in the background that we think should release records, that

Basically we are not entitled to it – the whole PRS thing is very dodgy ... as a record label you are entitled to PRS but you have to meet a certain criteria. Like how many things you have released and I don't know. Also to do with how you manage how many copies you return and you have to be registered and it hard and what it costs you to register is more than you

I would say that most of your money is from events – and CD's consecutively we have done some licensing for... TV and stuff and we have done a thing for channel 5 bits and pieces especially foreign stuff I think in Germany – the licensing is much better over there... its quite we kind of have stuff that has been used in TV or what ever and then we get the money straight away.

There is a demand for really small labels.. I think that is good there is more access to music. I know more people who are living of music.

The whole admin process seems to feel a bit overwhelming

Is there demand from artists or those who buy the music?

So yes, they work in line with the artistic logic, but are aware that they are not making enough money of this to really put out all the music that they would like to put out.

I'm not really doing it for money – we had this band that we were supposed to do an album with – but they were like, they were like very popular but they were not... we didn't... I mean if you are doing this you have to like I couldn't really do it if it was something I didn't really like. Because I think if you start going in that direction it gets very tricky because you are going to have to be constantly searching for the next....

Trying to put music out for money seems to be viewed as a contradiction, what is your quality measure going to be there?

## RECORD COMPANY J

**ARTISTIC**

Was doing sound based art installations – was introduced to someone who ran a label in 1997, and sort of fell into it. Mainly put out music of his friends - but not rubbish though as he claims that he would at any time know more good music than he could possibly put out any way.

There was no plan. Everything did reasonably well but the licensing of one project on to a bigger label that did well...they had gotten to big for me ... it was not planned it took a long time to agree to it.

Found it hard to accept to let go of the artist even if he could not really afford to support him further on.

Started a label, did well with one thing which was sold on to a bigger label, so I ended with money rather than ending ... which I would have done its not a great business.

**COMMERCIAL**

He had a deal with a distributor that did the manufacturing, he would do the artwork and follow the mastering but otherwise left the production to the distributor who paid for that – he quit when the distributor went bust. (Later in the interview he also admits that the kind of deal he had with the distributor where the distributor paid for the production was not very common).

The company that acquired the distributor asked if he wanted to continue, but it seemed clear that they wanted to grow bigger (still within the independent realm), and he was not ready for that.

Growth, even within the independent population seems to be viewed negatively - indicating that size is an important legitimacy aspect.

Partly because he didn't believe that there was money to be made in the industry (which he then corrects that well it is possible to make money in the industry), but also because it would take up to much of his time since he was not in it to make money, and that now that he is no longer putting out music but the time he did it he did enjoy it.

The emphasis on the artistic logic is quite strong, even if it is accepted that other modes of operating are possible.

Seems to believe it is not possible to make a lot of money in the industry

Mostly just friends, and friends of friend ... I've never published stuff I haven't [liked]... I mean if I was in Reykjavik I would probably know about more stuff than I could ever publish.

At the time of the interview the label only published his own work, as he and his manager had figured out that it did not make sense to be putting out other peoples records. But it does enable him to keep the copyright to his work.

It was mainly three or four people that I got to know,

To the question what he would do if a bigger label (we are still talking Indie) came and wanted to sign him – what would he do. Then he talked about the importance of owning the copyright and publishing himself. That he had released records at friends labels, and even if they were friends, they now owned the rights and they might later on decided to do something with them.

And since he wanted to keep the rights he would only licence his work, and then he says he can do the same thing as they – put the music in the right shops press and that is all you need to do.

All you need to do is to make the music available then people will buy it.

Asked about the wider distribution of bigger distribution companies and labels, he says that since they only work with vinyl and would never release a CD this is not an issue. That his distributor is the best in vinyl.

„As I said I make music the label makes money“

An indication that the two logics should not be mixed together.



But at the same time he is vary of going back into being a label, as he would then need an office and it would take more time. And he makes more money doing re-mix.

He said he would like to work with people he trusts, that is almost more important than making money. You might as well be happy working with people you know.

INDIVIDUAL 1

<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>They come in all different ways – you know usually not through demo tapes, recommendations – you listen a lot to what your colleges say. And people who you know and trust.</p> <p>My main artist I actually found through a demo tape, I was organising a tour ....it was something I did on the side while I was working for the last manager.</p> <p>So she starts out saying that artists do not come in through demo tapes, and the goes on to describe how she decided to manage an artist just based on a demo tape.</p>	<p>The music industry is peopled with mavericks; those that get through are those that who don't do it like anybody else.</p> <p>I think that after a while you start to think that you know the right thing to do you have a feeling for your artist, you know I get quite close to my artist and I try to get to know them as a personality and I think that every artist is an individual and what you do with them has to be tailored to what they plan to do personally.</p> <p>I could see that some were putting square pins in round holes just because people didn't know their artist well enough or were misjudging the situation and its really embarrassing to going through something which you know is wrong.</p>
<p>What people think is a better indication than the music itself?</p>	<p>Ambiguous statement, can both refer to business and art.</p> <p>Not tailored to how much they want to earn but what they want to do, personally/artistically?</p> <p>This is a reoccurring theme, that artists should be supported... fostered in some way so that he/she can produce the best art they can.</p>

And I called him and told him I'd manage him I told him, I don't care who you are what you look like... because I could see where it was going.

Again - word of mouth, when you hear great music you know it is great music and it will sell and reap financial benefits. But at the end she does admit that timing might have something to do with it as well.

Nothing but the music and its quality really mattered

You could see where it would fit in the market - nobody had seen him but you knew people would want to hear him, and they did. It was amazing.

What has changed is that you can release yourself and make as much money as you would have made signing to a major, and you know that is great it is giving the artist more choose

So even if the initial evaluation was based on the music being good, there was also a market measurement.

The majors are not longer the only once that can reach high sales.

but actually it is not more work than calling the label asking have you done this..? to actually do it yourself. I am a bit of a control freak I accept that.

And it is actually a much more enjoyable experience to do it yourself and more profitable

She is aware that you need to be proactive to sell, and finds it easier to do so herself rather than to spend her time to make sure that the label does. And since there is one less link to pay they make more money them self.

If I were a major I would be worried. I mean probably what is happening is that the quality of what they are getting is limited. I mean in their arrogance they probably haven't even noticed. If people are walking away, it must be because the choose that they have is...

So by emphasising the commercial aspects the majors are missing out on the artistic talent?

... for me what I'm doing that is flexible - if you are a major with thousands of employees it is much harder.

I try not to get involved with finance - but there are artists that won't do this, so I have their accountant call me. I try to stay out of finance because I think it is a dangerous area for a manager to. There have been some sad cases in the past where manager ... all their money. So I make sure I don't have access to their money.

I think a lot of people are kind of rushed into the market thinking, I need to be everywhere where whereas it...keeping an air of exclusivity can be right for some artists...what we will do with one of my artists is that his album will only be available through his website so all that will do is drive traffic through his website.

It is hard, it is time consuming in a way it easier to let pinnacle do it. Let them take the worries and time consuming paper work out of it - but I need to get to the bottom of what they will take as proportions. Because the deals online are not great for us, if doing a bit of paperwork gets you 30% of the iTunes pays then that is worth it for the artist.

Flexibility is important - anti corporation?

Not sure what this means, other than that she is careful and aware of the tales about managers exploiting their artists something she does not want to be a part of.

Her she argues for exclusivity using the commercial logic, that this will in the end lead to more sales?

Again about cutting out the middle man.

in Folk music there is one artist that regularly sells 1,500,000 of every record they put out and they release the record them self's and they also promote all their own shows and there is nothing a major label can offer them. 100,000 on your own is actually way way better than a million on a major label. For the artist in terms of profit.

Again this theme that there is so much great music out there that just needs to be put out so that audience can enjoy it!

The reason I got into management was all those unsigned artists that I thought were really talented and nobody cared. Because they were in a genre that wasn't particularly cool. And I just thought this is crazy these guys are more talented than the average in the industry and I need to make somebody understand.

It's not about reaching a goal - I wake up each morning excited and think what is going to happen

A goal is foreseen, is she emphasising that artist logic about the unforeseen, the new the unexpected.

INDIVIDUAL 2

**ARTISTIC**

How do I find a band its mostly though tip offs and I pitch bands that everyone else has turned down I never get there first. Maybe we see something in them that other people haven't.

Here the reference is to some quality that not everyone might see... but later he does talk about timing and the x factor which is not a factor of the music.

Towards the end of my PR days I used to sit in my office and journalist would drop by in my office. Journalists are a great source for tipoffs about bands and this guy [describes how many of the guys went off to become publishers] so he asks what are you doing tonight and then... some band is playing... and the independent and again the whole scene is to a large degree driven by about 6 Camden Indie belt. [describes where it is located]

Further there is some quality -- that you ought to see, but the question is if it is only to the music and performance... seems to be when he hears the music the first time, but not enough to market it?

**COMMERCIAL**

Independent PR is far more effective than in house PR because someone working for the majors has to the independent can choose the product they are pushing. They take the once that are good you believe otherwise you might just as well be wasting your time.

But very good team around them my assistant was doing the PR for me at my own company and so they got off to a flying start and as much as kind of interface of a manager working with a major it's the same its common sense you know, you know all the majors have pretty much the same departments, but you need to get one or two key allies irrespectively of what department they are in you can push your band through. My strategy was always and... to keep a lot of the infrastructure out of house

Describing the work they did... how they played the indies and majors against each other...

## Individual 2

## Artistic/Commercial

So I go and see them [describes the band] and I there was a guy I had never heard anyone sing like that, and I kept wondering where is the tape. I could not believe I had never heard a voice that good in a crabby little pub and his songs were good too and I wonder why has the world not realised how good this guy is and turned him down.

There is a quality to the music - but not everyone can see this?

The key is involving the talent, making the record generating the money.... It's one of these things that [owner of an Independent label] has taught me that it is possible to make great records and sell lots of them. You can't be fundamental on things like this...

The two logics need to be combined  
- there is not benefit from fundamentalism

It is interesting here that he uses the indie argument, that you need to love the music that you are plugging... while at other times in the interview the arguments quite commercially oriented

I believe that the record company being a service industry to the artist. As opposed to you being their employee. And that is how I see them you quietly but firmly work a record company

So does he mean service in the sense it is good business to provide good service or in the sense...of the independents... that they service is that the record company makes the music available? I think the former as he is very clear about all the things that the record company should do to sell music.

It's a matter of timing – and the amount of time you hear the people on the other side of the fence going struggling bands or aspiring managers

I don't get it we have done everything right, the single you can hum the tune and my friends said that song is as good as anything Oasis have ever written you are getting lots of gigs and you think – but you are not Oasis you don't understand you have not got that... you know it's a horrible phrase the ex factor. Being the right one at the right place catching the mood.

For a successful artist I believe you need to have an iconic front person or identity something fans will identify with above and beyond the music. You have to be a the right time

You have to catch the zeitgeist of the moment which you get I think – you aint got it or you got it, I mean I had it. Probably still have got it if I wanted to try again.

A combination of hearing the music and knowing the right time

So this is what we do we decide to set up a little label. recorded various tracks by the band and one day I got to work and you know what some day some really? manager is going to come along and cut us out of the picture as a small label – so why don't we just do that to our self's? Specially since we're are calling us self's managers ditch the label.

We had a very classic way of building bands up –which is much used you do and indie single either invent a label or do it with a fame independent – and get them in the press and get them on radio and then you have done it all so when the major comes in its they have little to offer other than serious infrastructure and financing.

When the journalist has to interview so and so and they look at the diaries what you want to inspire in them is – oh that will be interesting, not dull that will be a dull, most bands are dull people and self obsessed you know. They are not interesting. You know most leading stars they are interesting you know interesting company. Another one of my theories the music press they don't write about music they write about people.

We call it pass the parcel - you and you go... so how is it going... I can't get it on the radio on till I have the press, looks at press officer.. I can't get any press until I get a decent tour – looks to the booking agent. Can't get any decent tours until MTV is playing the video ... very rarely people say look this is going nowhere no one likes them.

Basically the envision the next move of the commercial logic and then decide to take the step them self's.

By taking the first steps according to the commercial logic you are in a much better bargaining position with the label

No one is taking responsibility for the sales or no sales



## Individual 2

## Artistic/Commercial

<p>Standard record company logic is... you don't want to take big advantages out of its much better if you make real money – they will say that rather pay you a big advance they try to persuade you to take a smaller advance and wait patiently for you royalties to come through ... which is not going to happen...</p> <p>you pay your advance back with your royalty so the record company can be making profit from you and you would still be un-recouped. So whenever we could we would just take a big advance .. you don't pay the advance back. It's their gamble its their risk you can get a big advance buy a house and</p> <p>I think I just lost it, you need to have a ferociously competitive attitude about it you have to be really organised you have to have a brilliant artist to work with and to be frank I though am I ever going to come across a band as good as</p>	<p>I said once myself for a band Virgin wanted me to do PR for. You know nobody likes them, they have had it and nothing in the world is going to change that. Nothing.</p> <p>Basically – majors operating as independents run by former independent people. Big independent with a muscle. Really that was the whole logic of that step which I worked with for a long time. It is not important what label is on the CD if it is in the shops it isn't important a good record company is invisible.</p> <p>They just turn the wheels on a bigger scale the have more lorries they have more money for advertising.</p> <p>80% will be dropped before they even put out a record, but they would never tell you that.</p> <p>You sign a band put out 2 singles it does not work, you have recorded the album, you don't want to spend a lot of money marketing it.</p> <p>They are not going to tell somebody like you that they make crappy decision -</p>
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Although here the idea is that the it is to the benefit of the artist to take the advance, that is in a profit oriented measure it is better for the artist to take the advance

Both the organisation and the art need to be in place for there to be success

So music cannot be sold if it is bad or the timing is not right.

Working with a combination of the indie and major ways of operating- the commercial and artistic logic

The record company is really just a marketing company?

But you kind of have to have – you cannot do it 9-5. You have to throw you self at it and I just thought step back a bit and.. I kind of achieved a lot. It's not about the money I made a lot of money over a short period of time. Done a lot got very successful, I had sort of fulfilled a lot of those drives. I had got to – you have to like it. So I thought I just don't want to be doing this – I want to do something more altruistic.

## INDIVIDUAL 3

**ARTISTIC**

What always weight down on me was a sense that, there were two acts in particular that he asked me to choose between, and I know their history very well and I knew that they would be around loads of labels and we were essentially their last chance – and their whole future rests on my decision.

This primarily reflects a responsibility for the artist, the label works for the artist in helping him/her to get their music out.

**COMMERCIAL**

Its different in a myriad of ways. The air just tasted different in an independent label. And for that reason and several other reasons I just knew that I was more suited to working in the independent sector and it's the sort of thing that everybody ever said,

Every cliché you have ever read is...and truth so there is a kind of selling baked bean mentality, they have at the majors which you don't get and you have much much more control, contact with every part of the process.

I walked in and it was, somebody's front room with a rather nasty – furniture with this sofa and an arm chair and a coffee table and every available surface covered with paper. And that was the office so the first thing I did was get a stationary catalogue and order a filing cabinet that was in the kitchen

it was one of these happy lay lines of talent and timing where the two cross and you don't have to lift a finger .

The distinction is just there, and it has to do with selling... the baked bean mentality does not indicate care for the artists

Describing the chaotic way that indie are often organised in

You don't need to talk anyone into buying the music

All you have to do is pick up the telephone and every time you put it down it rings again and you pick it up and it's somebody Tokyo – NY LA, Paris Berlin everybody wanting to give you tones of money (laughs) and every time I'd pick up the phone it would be somebody saying, Hi yeah can I speak to your legal department, ah a yea that's me... Ok could you transfer me to publishing and you; yeah you can continue talking to me that is fine.

Ok find we are done with that so could I speak to marketing – yes, huhu... (laughs) and I would be everything and it was fantastic – I cannot recommend that more highly to anybody, the way to learn how to do everything. I mean it could be why I'm slightly you know I have a shallow understanding of many departments rather than a thorough understanding of only one.

I think in life you find ... you find your groove whether professional or according to your make up. Your physiological make up and I know. I had already worked out that I was psychological unfit to work at a major label. And I'm also very driven by personality I act in a very passionate way to personalities, so when [the artist] and our boss at [the independent label] had a huge fall out and I was placed in the position of being in between the two of them and I had to make the choice who I thought was right

So the majors are the opposition to the passion and personal way. Impersonal, rational... Economically rational.

Had drained my energy Yeah because you are so, emotionally involved with it. And you are, especially when any sort of economically strained times. Its no secret I'm not letting any confidential cat out of the bag. It is difficult at the moment to make the books balance if you are a record label.

So - you are so passionately bound up with it you know you go home every night wreaking your brains trying to think of ways to turn it around and you wake up in the morning, no you wake up in the middle of the night still thinking about it and when you wake up at dawn you are still thinking about it and ... So - it was just really really getting to me.

It is fascination when you are in it and when it is happening and you are trying to get...  
It's like sitting around a game table, roulette table watching the ball go round, (acts like she is)

the business is a gamble, you never know!

The bands I know, they have so not got it together, they are lucky if they have a registered their domain name. Whereas like I say, they are really slow waking up these major labels, but when they do and they get up on their big old feet, they are still really big and that is when they just go (makes a squashing sound) to everybody else and that is what they have done again. And its them that is raking it in

Uncharacteristically for this interview, the businesslike manner of the major is being argued for - that the art is not enough on its own.

God I sound like such a marketing pimp now, but all the internet provides is access - what we forgot is that it's no good just having a presence you need to signpost.

and after arguing for the importance of being proactive in selling there is a feeling of sell out

How do people find you. The internet is like the ocean you are asking people to find a single drop of water in it.

Quite realistic, it is not enough that the music is good!

What the major labels have is the marketing spend to have million dollar billboards telling everybody this is web address of this artist go get. And that's what we can't compete against. And that is what, eventually broke my heart at [the independent] is trying day out and day in to come up with miracles. There is no other word for it, miracles out of thin air... with no cash and trying to get you know corporate sponsorship and tie in and such as write the marketing spend and carry along that's where the majors will win every single time

on this most recent stint I was brought in to [an independent] to marketing – it's never been. Remember I was used to doing everything. I never. Suddenly I was to specialise in marketing. I'm not sure I have that special brain chip which your marketing genius has, the once that a major label would employ – which doesn't matter whether you are going trying to sell you know, a tin of baked beans of Mariah Cary. Or a ...sofa. The definition of a marketing genius is that you can take any one of these three items and sell it to someone who doesn't need it.

It sounds as if almost caused a bad feeling to be responsible for selling music, even if it does not seem to have been 'bad' music.

And you didn't need marketing – it was just an underground movement that was just. Your dream favours just word of mouth swell of interest. We couldn't put out records fast enough to keep up with it.

here the above feeling is compared to the feeling of selling, when no marketing was needed (on a previous job)

I would like to believe that if you try to double guess it, you get it wrong. It just it felt so good and it was so satisfying because it felt so organic....such an overused word. it felt so honest.

If you go ahead with the goal of selling, you will just be gambling but when you don't intend to sell, but you do sell, it feels honest, no one was talked into buying the music.

I have never been involved in anything that successful, so huge selling to millions I have always done the left field....stuff.

Put forward like this it is almost a praise. Staying clear of the money making screams. Legitimising the art.

But that is why I choose to work in the arena that I do and in the salary bracket – that I always have – it works for me.

If I so that's – again – take one hand give what the other take, satisfaction with work – but there is always that glass ceiling that I never got beyond.

But emphasising the artistic logic you can only get so far - to get further there needs to be combination?



You just had the kind of feeling that it was all so kind of, so decadent they it just stank of sort of rottenness of the roman empire. And that is – when it all kind of when it collapsed in on itself. Cause it is so top heavy it could only come ...like... and then it did and you had the mergers and everything and the cutting of staff and now they have really pared everything down and woken up in a kind of abrupt way – a real slap in the face their accountants woke them up good. And now they have kind of got it together again.

Describing a major - drawing in the worst sides of money making sceames but also at the same time stating that it can go on - that eventually the rotten money empire will fall

INDIVIDUAL 4

ARTISTIC	COMMERCIAL
<p>Here he makes a statement about loving music to take on - which is interesting because at a different place in the interview he talks about the basked way of limiting risk...so one band would not be enough...but do you have to love your basket?</p>	<p>I just got board just doing the music management. One band was not really enough and I didn't really find any other band I loved enough to take on.</p>
<p>The emphasis has been on short term profit were there should have been more of a balanced emphasis - building also on great art.</p>	<p>The have been kind of short term thinking in their signing, but that is not really their fault - the whole financial world is short term, so if you are chasing share holder return, it simplifies why these guys are running after the next pop hit rather than trying to build the next Rolling Stones when you don't get the credit for that.</p>
<p>Indicating that music is not really a serious business.</p>	<p>And then I came out of [and independent] focusing on the band management and in parallel with that I did the MBA. Towards the end of the MBA I decided to come out of the day to day music job and do something a little bit more serious.</p> <p>The cost of marketing and promotion is bigger, and if you don't market and promote you don't get into media.</p> <p>Industries evolve over 20 -30 years - if you track it through from the time the industry began you would see that there were loads of independents. Then they consolidated and continued to consolidate. When the indies become scares, they start trying to buy the bigger once. So you have a series of mergers so the target size has increased over time.</p>

The reason it stopped was that the indies that wanted to be bought were all bought

Those who were not taken over - didn't want to be taken over. They wanted to keep independence

investing in a band is never really a sensible investment – because it is to risky, its the same – that is the sort of investment one should make if they have got money they can afford to lose and they like idea of having some involvement in the music industry. It does not make sense in a standalone financial basis.

To make the investment in music worth the while, you should spread the risk, much like the majors do.

although keep in mind that you can't – invest directly other than you can buy shares in them you can buy music in Warner music now, but you can't buy shares in the other directly you would have to buy shares in Vivendi... or you would have to buy shares in Sony – you can't buy shares in Bertelsmann.

The majors have the benefit of scale - they have an international network and most importantly they have a back catalogue. So if you try to liken them to non- music or even the non-entertainment industries on the one hand you have . You can look at it a little bit like oil, oil you have oil production and that is where you have found the oil and you are just pumping it out of the ground and that is really the back catalogue of the majors and then you have exploration which is the front catalogue, which is the A&R running around trying to find talent, and invest in it and one out of 10 succeeds.

So you have two very different business models combined in one and the majors can shield the losses the of the suffer in front catalogue because they have got the back catalogue. Now the indies don't really have the luxury of a significant back catalogue. So any speculation they do on the front catalogue means that they can either be hugely profitable if they are lucky and they find an artist or often they are unprofitable and they go bust.

Finding the right music is a matter of luck - rather than a quality of the music.

If they don't find a lot of profitable once and the once that they have fail. And that is why – and that has been the motivation in the past by indies being bought up by majors – other than the cash on the table to buy them . There is sort portfolio theory which is if you invest in a portfolio then you can get a better return for the equivalent amount of risk. The is always a risk/ return relationship – if you are going to invest in the music industry you are probably better of investing in EMI than you are [and independent]– if you could invest in [and independent] because if you invest in EMI you are buying a portfolio, you are buying a very small share in a portfolio were as if you were to put the equivalent amount of money in to [and independent], you are buying a larger share but it would not be a portfolio. Either they go on doing fantastically well and they find another Björk or if they don't your money would have evaporated – so that is the kind of, that is probably how you ought to review the respective business models.

## DISTRIBUTOR

**ARTISTIC**

Basically when I started there it was like a workers cooperative and they basically got a guy in who I think worked for [one of the majors] try to make company really corporate and lots of people started to leave because it was really changing.

Basically when you worked at [an independent distributor] you used to like every record you worked with and then you got this guy from [a major] who came in and his project was this novelty record and it was no quality music what so ever, just wanted to make money and lots of people didn't like that idea at all.

The money making company, that would release any record just to make money.

I mean there used to be quality control there, so lots of people got you know one of my bosses left, so you had this feeling obviously something going wrong here – so got into an argument one morning and walked out. Best thing I ever did

**COMMERCIAL**

The labels you have met they are almost like major labels in a way – they are kind of like indie but they acts like major labels. The labels we do here are completely different

No necessarily small – but we only do independent labels say about five years ago majors labels bought a lot of successful independent labels and put money into it and to me those labels stopped being independent when they got money All the labels we do don't have any deals with majors, completely independent. The definition of independent is how you distribution

I think Vital and Pinnacle act in a kind of major label way And maybe they would have labels if they are not selling certain amounts they would not be interested in working with them. Were as we would be interested in working with them, because we are more interested in working stuff from the underground. So they are not as interested in working with things that are not easy to sell they just like the things that are quite easy. Sell say more than 5 thousand album a year in the UK and any less than that

Referring to some of the larger well established independent labels.

Here there is a sign that the smallest of labels feel that the bigger independent labels are closer to the majors than the smaller labels. Is lack of money the definition of independence?

Here the major definition is even transferred over onto some of the biggest distributors... and this is based on the idea that they would not want to bother with the least selling music... Their prioritisation is thus based on sales – But then this seems to go against the idea that great music will sell it self? or is great music something that only very few understand?

they are not that keen on doing.

sometimes it, because Vital and Pinnacle have got such big labels say Vital has got 500 labels and their number 50<sup>th</sup> big label would probably be our biggest label so we would push more and more than they would because they have got bigger and bigger labels that they would have to show support for. So it is all where you fit in the size of as a label. And how much of a priority you would be treated as.

... we would go for those that we think that with a bit more care could go on to sell a lot more. Because at the end of the day there is only certain amount of ... space available for CD in the shop each week and you know. If you are going to go through Vital they have 50 big labels and they have to decide which two are going to get it. Some labels might get angry because they get over looked. Things like previous sales – it's like .... If the first two albums sell 3000 – then you know there is a guaranteed sale of the third album. It's a combination of that. So basically sales, knowing what press is going to be like, having a feeling yourself about how good the record is yourself and just feedback from a lot of different people really.

So the sales goal has to be taken into consideration

In the end the decision as to how much effort to put into an album is based on sales, previous sales and estimates for that particular album.

Nobody wants to put in lots of records into HMV for instance and then get them all sent back 6 months later that is just a waste of time really. For everybody HMV, us the label so putting the record into HMV or who ever, is being agreed by the label everyone has agreed that they think it is worth.... And if it doesn't go right sometimes it is bad luck so.. No HMV ever take big quantities of something they don't think is going to sell so.



	<b>ARTISTIC</b>	<b>COMMERCIAL</b>
<p>This is a description of the business logic of the majors but a very critical one – as it was obvious that she felt that there would of course be 42 good bands in Finland</p>	<p>When he took over EMI worldwide he did an audit of every single territory and looked at the international roster versus there local roster. And found that in Finland there were 42 local signings and he said that he didn't think that there were 42 bands in Finland to be signed</p>	<p>Meaning no business like – not very well organised....not profitably run?</p>
<p>Support for the hypothesis that the artistic logic is stronger in the A&amp;R and the commercial logic in the non artistic aspects?</p>	<p>But they do, continue to rely on independence for A&amp;R because that is where the independence are historically and certainly today still absolutely at the cutting edge .</p> <p>But how can you criticise somebody for following their passion – because we never judge the A&amp;R I mean A&amp;R is an untameable aspect of the creative drive of people.</p> <p>The judgement what is good music is a personal one which can not be measured in the same as profit can be measured in financial terms.</p>	<p>Although this does support the hypothesis that other logics than the business logic exist with in the industry – it still states that the business logic is the logic</p>
	<p>I have only ever worked in this industry – but I have worked adjacent to a number of other industries and I do think that the industry continues to perpetuate a lack of professionalism.</p> <p>And real business grounding necessary to a... effect the change that is required.</p> <p>Setting aside personal agendas, which is not something that happens very often..with the Majors</p> <p>Once you have established a consumer interest. So more and more you see the creation of – and I think that's where pop idol and ... it is a very sort of formulae approach to marketing.</p>	<p>A very critical look at a marketing emphasis on selling music.</p> <p>Marketing in that an effort is not only made to sell the music, but also to get the market involved in the creation finding what the market wants and creating that kind of music.</p>

Which little bit like soap powder that you create in sense a format. Which you then feed and the format could be television and pop idol type, fame academy type whatever. It is, establishes mass awareness and then. The music in almost – it almost caught with the merchandising.

absolutely – I mean the independents will they tend to be first of all musical – so they are not particularly looking at the market – which some might say is short sighted – I might say is short sighted sometimes.

Independents generally speaking don't come in to this business to run admin based business. They want to be in music industry. They are attracted by their own self belief their desire to share their belief with 100, 500, 5000, 5million but they don't fundamentally believe that they are in an admin business. And they are! A rights business is an admin business.

believe in open markets – to a point. I believe in competition – but I believe in competition in a fair market – and I don't think that those two things actually exist. Or can exist happily. All the time. Fair is not open – or rather there is a very delicate balance there.

Although there is an element of the economic argument that focusing on the music is not likely to lead to huge sales – there is also an indication of understanding of focusing on the music.

Here the distinction between the two drivers financial profit and music is clear – you are in business to **share** what you think is good music. Pointing out that even if art is the first priority of those running a major – there is no denying that they are in business. And business has to be dealt with in economic terms.

But partly I think it's because they are not looking necessarily to be measured on that score card. That particular type of score card showing retail sells and mail order sales of physical products.

Emphasises the different goals/values in the industry. It is actually a particular way of describing profit as a particular type of score card – given that this the scorecard that lets you continue to run your business?!

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