

Creativity at Work:

**The Banyan and the
Birch Tree:
Family Ties and
Embeddedness in the
Indian Film Industry
in Bollywood**

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Abstract:

Theoretical and empirical research on entrepreneurial networks is largely outcome-oriented and little integrated with family firm research. In this paper, we draw on social network and entrepreneurship literatures in order to investigate *how* family businesses build and make use of a variety of embedded and arm's-length ties. We present novel data self-collected in qualitative, inductive fieldwork from more than 50 interviews in mainstream film production in Bollywood.

Our findings contrast with extant research by showing that in the socio-cultural context of India the use of embedded ties is higher than predictions in the

theoretical literature and empirical findings in cross-country studies suggest. Moreover, we show that the 'Indian' family is an institution that dominates embedded ties. The Banyan tree symbolizes this interconnectedness of the different branches of an Indian family compared to the plain structure of a birch tree describing Hollywood, where embedded ties can be different from familial ties.

Key words. Family ties; entrepreneurial networks; embeddedness; emerging economies; India; film industry; Bollywood

“Bollywood makes films about families, and we are a family.”
(Bollywood actor with Hollywood experience)

INTRODUCTION

In recent years there has been a growing interest in using social network theory in entrepreneurship research (Hoang and Antonic, 2003; Aldrich and Kim, 2007) as well as a convergence between entrepreneurship and family business research (Chrisman, Chua and Steier, 2003; Chua, Chrisman and Steier, 2003; Aldrich and Cliff, 2003). Accordingly, there is now a set of comparative studies of entrepreneurial networks, including the role of family involvement, for the US and Italy (Aldrich et al., 1989), Sweden (Johannisson and Nilsson, 1989), Northern Ireland (Birley, Cromie and Myers, 1991), Japan (Aldrich and Sakano, 1995), Canada (Staber and Aldrich, 1995) and Greece (Drakopoulou Dodd and Patra, 2002). However with a few notable exceptions, network theory has been rarely applied in family business research (e.g. Anderson, Jack and Drakopoulou Dodd, 2005). Thus far, family business research is predominantly concerned with questions about agency, altruism and succession (Chrisman, Chua and Steier, 2003; Anderson et al., 2005).

The study of social networks has emphasized the role of network *relations* (Granovetter, 1973) and network *structure* (Coleman, 1988) which were elaborated later on in attempts to account for *contingency* factors (Gulati and Higgins, 2003) and *hybrid* nature of networks (Uzzi and Spiro, 2005). However, at least in the field of management studies, most social network research has been outcome-oriented, with little qualitative process research (Hoang and Antonic, 2003; Jack, 2005).

In this paper, we contribute to closing these two gaps through a qualitative, inductive study of social networks in family businesses. More precisely, we investigate 1) *how* family businesses build and make use of a variety of embedded and arm's-length ties, 2) *what* causes and consequences these processes have and 3) *why* these might differ from predictions of extant theory. Firstly, we build on existing theory and original qualitative fieldwork to examine these research questions; secondly, we provide some support for their plausibility with another dataset (cf. Uzzi, 1997; Uzzi and Lancaster, 2003; Jack, 2005; Anderson et al., 2005). In doing so, we aim to shed light on the differences in structures and relations of organizational and industry networks, exemplified with the case of mainstream film production in India (Bollywood) compared to prior research in the USA (Hollywood). We illustrate our findings by a metaphor comparing the structure of the banyan and the birch tree. The Banyan tree symbolizes the interconnected structure of the different branches that originate from different directions and generations of an extended Indian family compared to the simpler structure of a birch tree describing family-based networks in Hollywood. While our 23 cases can claim only moderate representativeness, they build on prior work in related fields and contribute a plausible basis for new theory.

This paper makes two main contributions. First, in contrast to most other network studies, we empirically investigate a novel research context and

therefore use primarily qualitative, inductive methods. Second, this analysis leads us to a refinement of existing theoretical predictions by accounting for this different institutional and socio-cultural context. We present an in-depth case study based on primary data collected during an intensive fieldwork in 53 interviews and multiple nested case studies at the project, i.e. film, and industry level in the centre of mainstream Indian film production, Bollywood, as well as an archival study of film industries and Indian culture. Our data shows that in the given research context embedded ties dominate social networks more than proportionate compared to predictions of extant theory developed in other contexts. While this might seem surprising, we can explain it through an analysis of the underlying social institutions, namely the family (Aldrich and Cliff, 2003). Similar to other Asian countries, such as China, where theoretical predictions developed in Western contexts do not always apply (e.g. Xiao and Tsui, 2007), India is a rather collectivist society (Jackson, 2001; Panda and Gupta, 2004). In other words, we do not reject those theories, but respond to calls for contextualization of research (e.g. Drakopoulou Dodd and Patra, 2002: 131; Zahra, 2007).

It is estimated that nearly 80 per cent of Indian companies are still family-owned businesses (Vaugier-Chatterjee, 2003). However, this includes family business groups (e.g. Tata, Birla, Reliance) which dominate the landscape of most Indian industries in both manufacturing and services such as steel, car manufacturing and telecoms (Manikutty, 2000; Kedia et al., 2006). Therefore, in this paper we study film production, because it is rather unique as it is dominated by family-based *SMEs*. We aim to demonstrate the various processes at work in the making of film production in Bollywood. While building on a core set of questions on extreme cases of top performing film productions, we also asked every entrepreneur about general practices beyond the focal project. However, we do not look at performance implications of different networking strategies explicitly and quantitatively.

We study a specific aspect of one industry and how India differs from the 'benchmark' United States, in other words how network structures and relations of family enterprises differ between the USA and India. Organizing our analysis around types of ties, we investigate how the underlying networks of the family sphere and the business sphere overlap to form industry level networks. At the outset, industry networks in both countries *could* be the same, but the socio-cultural context of a nation has a moderating effect on the industry structure with a result of international differences in networks (Drakopoulou Dodd and Patra, 2002; Anderson et al., 2005; Xiao and Tsui, 2006).

The structure of the paper is as follows: we begin with reviewing some key theoretical concepts of social network theory, entrepreneurship and the family business literature, followed by an account of film production as a creative industry as well as sociological and anthropological literature on Indian society and family to better contextualize our fieldwork. We then present our method, data and findings from the fieldwork as well as from secondary sources. We conclude by drawing implications for theory and practice.

THE ROLE OF NETWORKS AND FAMILY BUSINESS RESEARCH

We are not attempting to review the whole body of literature, but highlight certain features we think are most relevant as a background for our study. To the best of our knowledge network theory is predominantly concerned with network outcomes, particularly, but not only in management studies (see the criticisms by Hoang and Antonic, 2003; Jack, 2005).

Without going into the intellectual genesis and at the risk of over-simplification, we briefly summarize management-related social science research on networks as we understand its evolution. Social network theory can be traced back at least to Granovetter (1973). Originally, there were two main lines of research can be distinguished in those that emphasize *relational* embeddedness, for instance cohesion or tie strength (Uzzi, 1996, 1997) and others that see *structural* embeddedness as more relevant, in other words closure (Coleman 1988) vs. structural holes (Burt, 1992) which leads to opposite predictions about the optimal network configuration. A related discussion is whether embeddedness, in any of the two forms, is desirable or detrimental. However, a widespread development was to emphasize the benefits of a certain network type using a contingency approach (Walker, Kogut and Shan, 1997; Rowley, Behrens and Krackhardt, 2000; Gulati and Higgins, 2003; Nicolaou and Birley, 2003) specifying industry life-cycle stage, environmental conditions, tie function, or for - entrepreneurial networks - firm age (Hoang and Antonic, 2003: 175). Rowley, Behrens and Krackhardt (2000), for example, relate strong ties to exploitation and weak ties to exploration, Gargiulo and Benassi (2000) found cohesive networks less adaptive in the context of the computer industry, which is a fast-changing environment and Hansen (1999) found weak ties to be more useful in search, but impeding transfer of complex knowledge.

Starting with Granovetter (1973) in the case of relational embeddedness, scholars began to advocate a balance between the two (e.g. Burt, 1992; Uzzi, 1996, 1997) what has been a coined hybrid network (Baum, van Liere and Krackhardt, 2007). However, all these studies have in common that they see network structures somewhat exogenous and investigate network *outcomes*, rather than *antecedents and processes* leading to certain network structures (Jack, 2005; Anderson et al., 2005).

Our conceptualization of networks emphasizes relational, but includes structural aspects focusing on the type of ties within the field of film making in Bollywood. We use the notion of embedded ties vs. arm's-length ties indicating the degree of embeddedness in social relationships (Uzzi, 1996; 1997). While arm's length ties are similar to market relationships; embedded ties are described as special or close relationships (Uzzi, 1996: 677; 1997: 41) and can be derived from many different backgrounds, such as family, friends, neighborhood, schooling etc (Anderson et al., 2005: 140) and have trust as the main governance mechanism (Uzzi, 1996: 678). These constructs are related to that of tie strength which is determined by independent, but somewhat interrelated 'amount of time, the emotional intensity, the intimacy (mutual

confiding), and the reciprocal services which characterize the tie.' (Granovetter, 1973: 1361).

Family businesses form an important share of industrialized and emerging economies alike and are subject to academic research (e.g. Khanna and Palepu, 2000; Carney and Gedajlovic, 2002a) as well as more practice-oriented work (e.g. The Economist 2007; Financial Times 2007). Of particular relevance for this study is the work on family businesses in emerging economies (Granovetter 1994; Gedajlovic et al. 2004). In the field of family business research, network theory does not play a prominent role yet. Most research in this area is focusing on issues such as agency (Carney and Gedajlovic, 2002b), altruism (Schulze et al., 2003) and succession (Chrisman, Chua and Steier, 2003). However, there is a stream of work in which entrepreneurial networks are analyzed according to type of ties. Beginning with Aldrich et al. (1989) scholars examined differences and similarities between US-American and Italian entrepreneurs. In order to compare their findings internationally, the study was replicated, as much as possible, in Sweden (Johannisson and Nilsson, 1989), Northern Ireland (Birley, Cromie and Myers, 1991), Japan (Aldrich and Sakano, 1995), Canada (Staber and Aldrich, 1995) and Greece (Drakopoulou Dodd and Patra, 2002). While there were similarities on some dimensions such as business networking suggesting somewhat 'generic' behavior of entrepreneurs (Staber and Aldrich, 1995: 443), these studies also revealed differences, for instance, in the type of network tie – and hence, the relational aspect of network – across countries. The rate of family involvement in entrepreneurial networks, for example, varies between 13% in Japan and 31% in Greece. The low proportion for Japan is particularly striking, because Japan is considered to be a rather collectivist society (Drakopoulou Dodd and Patra, 2002: 122) – like many other South and East Asian countries such as China (Xiao and Tsui, 2007) or India (e.g. Gupta et al., 2002).

A large part of the family business literature is concerned with governance issues of *networks of firms* in family business groups, especially in the emerging economy context such as India (Khanna and Palepu, 2000; Manikutty, 2000). In the Indian context, the influence of such 'business houses' (Business Today, 1997) has decreased somewhat with liberalization, yet the impact on industry structure is still notable with a presence in virtually every industrial sector. Furthermore, India has the highest number of group-affiliated firms in a sample of countries with a high prevalence of business groups (Iyer, 1999; Khanna and Yafeh, 2005). In India, as in other countries, most business groups are still family-dominated, but the concentration of ownership is the highest in India (Allen et al., 2007). In other words, in contrast to other countries where family-founded firms have partly undergone a first 'Chandlerian transition' towards a manager-controlled family ownership, e.g. Singapore (Tsui Auch, 2004), in India seems not to be the case (Manikutty, 2000) more similar to the institutional environments of Hong Kong (Carney and Gedajlovic, 2002b) or Taiwan (Luo and Chung, 2005).

The existence of informal institutions is well received in different literatures such as institutional economics (North, 1990). However, most of the research that has been done seems to gravitate around East- and South-East Asia and *guanxi*, the kinship-based business networks of the overseas Chinese (Carney and Gedajlovic, 2002b; Tsui-Auch, 2004). Moreover, there is only little research on why certain industries have different, nationally idiosyncratic institutional features and the interest in networks is not the primary focus.

In the Indian context, two of the most important and rather peculiar informal institutions are the caste system and the joint family (cf. Taeube, 2004). We will discuss the Indian family in more detail below, due to its importance as a source of financing (Allen et al., 2007), CEO compensation (Veliyath and Ramaswamy, 2000) and succession (Sharma and Rao, 2000).

THE RESEARCH CONTEXT: FILM AND FAMILY

Constancy vs. creativity: the business of mainstream film production

Following recent claims for contextualization of entrepreneurship research (Zahra, 2007; Xiao and Tsui, 2007) we give a more detailed description of networks in the business of mainstream film production in general before turning to our specific research setting in Bollywood. Interestingly, the film industry bears a resemblance with family business in that it strives for commercial as well as non-commercial goals (Sharma, 2004: 6).

Given the vast number of network studies in management studies, it is hardly surprising that there is no dearth of network theory applied to the film industry (e.g. Soda, Usai and Zaheer, 2004; Sorensen and Waguespack, 2006, Cattani and Ferriani (*forthcoming*); Cattani, Ferriani, Negro and Perretti, *forthcoming*).

Probably the best accounts of the dialectic between different types of network configuration have been developed by Uzzi and Spiro (2005) and Delmestri, Montanari and Usai (2005). Building on previous research on overembeddedness, Uzzi and Spiro (2005) find that small world networks are most suitable for creative industries, in other words a balance network of local cohesion and global bridging ties. On the other hand, Delmestri, Montanari and Usai (2005) adopt a contingency approach examining differences between tie function for artistic (weak tie) and commercial (strong tie) success. However, similar to general fashion of social network analysis, most of these papers are more concerned with sophisticated analyses of network outcomes rather than processes leading to certain network configurations.

Film as an entertainment industry is part of the creative industries. In these industries, one core issue of organization is how the skill-holders who can provide such content (i.e., 'creative' people, artists) are coordinated with those who hold the 'humdrum' skills, i.e., those of manufacturing, marketing, and distributing products. At the heart of this problem are the differing motivations of these skill-holders, with archetypical artists often motivated intrinsically by a creative urge of communicating a message or a vision, and entrepreneurs or managers typically extrinsically motivated in terms of economic incentives (Lorenzen & Frederiksen, 2005).

Unlike other creative industries also relying on artistic product content and providing business services (like the advertising and design industries), entertainment industries serve consumer demands, albeit not always mass demands. Some organizations, e.g. many theaters, have small audiences and are less dependent upon profits, as they may be run on a philanthropic basis and/or be subsidized by sponsors or the public. Others, like music or film, are big businesses with global mass demand. Generally, however, all Entertainment firms compete on product differentiation in terms of content, rather than price. Simply put, in order to entertain, they have to continuously come up with new and original products. How is such continuous innovation in product variety organized and managed?

Entertainment industries such as film are typically organized in a particular way. Feature film industries are characterized by demand uncertainty, economies of speed, and high skill division and task complexity within product innovation. The result is that product innovation is organized in projects to facilitate experimentation, and that these projects are carried out on the market rather than within firms. This results in a high degree of organization and management through the market, in the guise of active leaders/boundary spanners, social institutions and geographical clustering. Such market organization of the film industry has been discussed in some length by e.g. Lampel and Shamsie (2003), DeFilippi and Arthur (1998), and Storper and Christophersen (1987), for the case of Western film industries, primarily in Hollywood.

A film production has many agents, including numerous networks and overlaps. One of those networks is that of *production*, on which we focus here. A select few of these agents have been studied as “roles” (Faulkner & Anderson, 1987; Bechky, 2006): director, producer, lead actors, and scriptwriter. When identified, the relations among such roles can then be mapped: In a production, the producer and the director is sometimes the same person, at other times, roles are different persons who interact in a particular way. The total production network in the film industry is then understood as the ties between different roles at a given time.

Ceteris paribus, this network could be designed according to the following principles, that independently would lead to contradicting recommendations: *Variety*. Producers sign new skill-holders for each project. With this principle alone, it would create a network with low clustering, long paths (closer to a random network), and with the producers as dominant hubs. Due to transaction costs of finding and signing new skill-holders, it is not feasible to pursue this principle anytime.

Minimizing transaction costs. Producer signs skill-holders because they have worked with him before. With this principle alone, it would create a network with high clustering and low path lengths.

Combination of variety and minimizing transaction costs. Producer signs skill-holders that he does not know personally but have worked with other project members earlier. With this principle alone, hubs would emerge (typically those skill-holders who have worked in many productions, in different genres), and

the network would grow by preferential attachment so that hubs become power-law distributed. Network would exhibit low clustering, but with short paths, in other words small world networks (Uzzi and Spiro, 2005). Production networks that are a result of the third principle have been described for film industries in Hollywood (Sorenson and Waguespack, 2006) and Italy (Delmestri *et al.*, 2005).

Yet, research has largely neglected the existence of other networks which overlap with the film industry, and how this overlap might influence the structure of production networks. Such other networks in the film industry encompass networks that originate in both formal and informal institutional settings, such as law and polity or family and the broader socio-cultural domain, respectively. In this paper, we emphasize the relevance of the informal networks stemming from family or cultural backgrounds. Our purpose is to better understand the economic and social forces that shape each network, investigate overlaps, and investigate what the overlap means for each network. We investigate the overlap of production networks with family networks in the world's second largest film cluster, the Indian film industry in Mumbai.

The Banyan tree: 'Indian' family as socio-cultural context

Institutionalist scholars have emphasized the need to analyze institutions that coexist with the market. Compared to industrialized countries emerging economies such as India are characterized by a lack of *formal* institutions such as effective and enforceable intellectual property rights or contract law and markets for products and input factors like labor and capital. In response to such an underdeveloped *formal* institutional framework many companies have resorted to (unrelated) product diversification and internalized factor (and product) markets to a much larger extent. As a result, the relevance of business groups in emerging economies is very high (e.g. Khanna & Palepu, 2000; Guillen, 2001). These business groups, in turn, are oftentimes still dominated by the founding family; the separation between ownership and control so common in industrialized countries is gaining in importance only recently, and only where capital markets are relatively developed.

In India, the prevalence of family-businesses is widespread; a large number of the most important companies are family-owned, and in many cases going back several generations (Ramachandran, 2006). Furthermore, the league of family-businesses is dominated by a handful of groups only, such as the Parsis or the Marwaris (Lachaier, 2003).

This stems from a general importance of the family as one of the most important rationales behind individual conduct. In India, as in many developing countries the family is an extremely influential *informal* institution (Prasad, 2006). In turn, it influences, and is influenced by, society structure and other social, cultural and religious factors (cf. Akerlof, 1976: 600-1). This often works through a system of patronage - an informal institution working beyond market principles but rather through reciprocity and other personal(ized) transactions (Iyer, 1999).

Lal (1998: 28) mentions as '[t]he three pillars of the Indian social system [...] the relatively autarkic village communities, the caste system, and the joint family.' Whereas the caste system and the village are interesting study objects from a sociological perspective, they are less important for a business perspective on the film industry. Indian villages factor only marginally in the demand of motion pictures, given their limited purchasing power. So while the rural landscape of India is responsible for a large share of the film industry's revenues, this originates more from small towns rather than the villages studied by anthropologists. In a similar vein, the caste system is much more a phenomenon of the rural economy than of towns and cities, and it is even less relevant for the film industry which has always been a place for minorities to succeed in a way hardly possible otherwise, like Muslims in Bollywood or Jews in Hollywood. Therefore, we concentrate on the impact of the family as an informal institution that permeates the entire Indian society, and hence the economy too.

There is a multitude of theories that emphasizes the family, a certain group or the village as an alternative unit of analysis such as, for instance, an extensive anthropological literature on Kinship (Stewart, 2003) or transdisciplinary approaches (e.g. Prasad, 2006). Iyer emphasizes the "reputation of the 'family', both in its social kinship sense as well as in the business domain" (1999: 109). That is the reason why, for instance, traditional money-lending is still so big even with formal banking moving in. In that sense, India is a "village economy": Everybody needs good relationships (respect, acknowledgement, etc) and all business thrives on it. Consequently, the structure of the Indian economy is very much embedded in social relations, such as *guanxi* relationships in order to compensate for underdeveloped formal institutions (Xin & Pearce, 1996).

In the traditional Indian family - the 'Hindu Joint Family' (HJF) - multiple generations live together under one roof. Interconnections between different branches are often deliberately organized for through marriages between cross-cousins, i.e. cousins who do not share the same patrilineal origin. In other words, if their lineage cannot be traced back to the same male ancestor, it is actually desirable, in traditional families, to marry these cousins (Lachaier, 2003). While there is diversity in cultural norms such as differences in marriage patterns between north and south India (Lachaier, 2003: 22-23) there are some general traits such as collectivist orientation, primacy of personal relationship, desire to be embedded in an in-group and familism (Panda and Gupta, 2004). The HJF posits that the group takes precedence over the individual and is above all a cultural milieu. Hence, businesses that nearly always were created by a joint family, can only be harmonious if the family has greater value than the business (Lachaier, 2003: 28-29). It is also common for many of these characteristics to appear in bundles, such as drawing meaning from the collective of familial relations (Jackson, 2001: 1281), an overlap between family and in-group (Javidan and House, 2001: 298). However, all this seems to apply to traditionally-orientated Indian families rather than Indian families in general. For instance, Gupta and Panda (2003) found a duality of collectivist and

individualized tendency among technology professionals leading to an 'individualized familial self' amongst qualified technocrats.

A good illustration of the relevance of the informal institution family in the Indian society is its influence in the legal sphere. For instance, the laws provide a system of regulations and incentives for inheriting a family business to the next generation. The Hindu succession act provides the culturally-derived rules for distributing the inheritance to the heirs. Moreover, there is no estate tax, let alone a prohibitive one like in many Western countries that would discourage inheritance and give an incentive to donate money for charitable purposes (Jain, 2006). Most importantly perhaps, in Hindu Law it was the Hindu Joint Family and not the individual that was considered first and still today, the rules and regulations governing the HJF business fall under family law, and not the Companies Act that was established in 1956 (Lachaier, 2003: 24-26).

A nice analogy to underscore the differences between how informal institutions, such as the family, work in India and in the West can be drawn by comparing metaphorically the banyan tree, which is a very common tree in South and South East Asia, and the birch tree, common in the West. The specific characteristic of the banyan tree is the way it grows over time to sustain itself over centuries. The banyan is an Asian fig tree, which starts from one trunk. Its branches drop down aerial roots which then begin new trunks. Thereby it is growing new roots from its branches and re-rooting itself in the ground. Moreover, its branches grow and interweave in a way that gets very complex over time, and it is extremely difficult even for the botanist to identify the origins of a banyan tree, because one tree can cover vast areas of a couple of hectares.

The banyan very much resembles the extended HJF (Lachaier, 2003) beginning with one trunk and adding new ones as time goes by. The banyan tree with its intertwined branches and roots nicely symbolises the Indian family in which intermarriage of certain cross cousins is encouraged and sometimes seen as strategic alliances between families (Lachaier, 2003: 21; see also Padgett and Ansell, 1993, for strategic marriages in medieval Florence).

In India, the proverbial Banyan tree is also a place where people gather. The underlying theme of the tree as a pillar of support with strong roots and as a protector with its shade comes through all along. In the metaphorical analogy one could say that its main purpose is to grow and nurture its own branches and re-rooting over time. However, it also gives space to small new plants that can grow in its shade, because it is unlikely they will ever challenge the mighty old tree.

Taking the metaphor back to the context, this would mean that a powerful multi-generational family actually allows newcomers to enter the business. They would do so, as we see, because they do not have to fear competition being so firmly grounded through multiple trunks and interconnected branches that its foundation and sustainability are not under question. In the context of a dynamic industry such as mainstream film production, however, one sees the limits of this metaphor, because it only works, if nature dictates the rules. Once we allow for environmental influences, such external disturbances could

change the rules of the game. In this case, the small plants which grow in the shade could be foreign player who enter the scene and might eventually grow faster than the Banyan becoming a real threat to its survival.

In contrast to that, most Western trees, such as the birch tree, have much simpler structures. There is one trunk, which is more or less dominating most of the tree, depending on the pattern of the branches. Yet, there is no interweaving of branches, let alone re-rooting in the ground. There existed patterns of intermarriage and family-based succession rules of the Medici in medieval Florence (Padgett and Ansell, 1993) or the Rothschilds in industrializing Europe of the 18th century (Bertrand and Schoar, 2006) similar to the ones of today's India. However, even the notion of family as a nucleus family seems to be on the retreat in countries such as the USA, probably due to institutional and demographic changes that are yet to happen in many emerging countries (Aldrich and Cliff, 2003).

METHOD AND DATA

Responding to recent calls for contextualizing theory building we aim to give the reader a flavor of our novel research setting, or in other words 'introduce sound to silent movies' (Zahra, 2007: 445). In order to study the mainstream film cluster in Mumbai, we used a multiple empirical strategy. First, in order to understand both industry structure and dynamics, we undertook a historical analysis of archival data regarding Bollywood firms and project tasks/coordination, markets, regulation, and institutions, from the early 1900 to the present day. Second, in order to understand the present dynamics of Bollywood better, we carried out a series of *multiple case studies* of the task divisions and coordination of the last three year's (2003-2005) ten top-earning Bollywood film projects.

We investigate the question of relationships between family ties and industry networks through a qualitative study of these multiple cases. We chose to address a complex phenomenon with a qualitative study and intensive fieldwork, because it is able to capture the richness more effectively than a variance-based quantitative study. We used an approach with multiple and nested cases as it permits the induction of richer and better-grounded theory than a single-case study approach could (Eisenhardt, 1989). Our data collection (from mid-2005 to mid-2007) involved in-depth interviews, obtaining archival data as well as open-ended narrative data from industry informants.

Qualitative data analysis led us to construct tentatively the causal relationship between constructs and patterns. These relationships were refined by going back and forth between theory and data revisiting the cases that are based on the replication logic.

Research Setting: Bollywood – the mainstream Hindi film production in Bombay

We chose the Indian film industry for the following reasons. First, the case has “rare or unique” qualities that make it a logical candidate for “theoretical sampling” (Eisenhardt, 1989b; Yin, 1994). Bollywood is the largest film industry in the world, in terms of number of films. Moreover, preliminary research revealed that it differs in terms of organizational principles and ownership patterns from both film industries in other countries and most other industries in India. Second, Bollywood film production is an ideal setting because it is an industry dominated by *small* family-owned firms without business groups or conglomerates commonplace in other Indian industries, thus we could strategically cover a broad spectrum of the industry. Thirdly, three major contacts provided us with access to different segments of the industry. Therefore, our firm sample while theoretically rather than randomly chosen should at the same time give us some representativeness of the whole sector. Lastly, Bollywood is not only an industry dominated by small family-owned and -managed firms; the main product of the mainstream are popular family films, celebrating family and tradition and honour (Brosius, 2005: 224). In particular they celebrate family values and rituals, such as the image of a home governed by familiar and secure family ties for the Indian Diaspora (Deshpande, 2005: 202)

We decided to conduct a qualitative study in order to investigate and understand the underlying organizing principles which seem to differ so distinctly from other settings. Moreover, while a number of studies have been carried out on the Hollywood film industry (e.g. Lampel and Shamsie, 2003; Sorenson and Waguespack, 2006; Storper and Christopherson, 1987), there is virtually no business or management research on Bollywood. The bulk of the literature on Bollywood lies within cultural studies, anthropology or sociology and usually focuses upon film texts and their cultural impact upon viewers in India or abroad (e.g. Prasad, 1998; Vasudevan, 2000; Dwyer and Patel, 2002; Misra, 2002; Kaur and Sinha, 2005; Dudrah, 2006). The annual analyses on the Indian film industry (by the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), or the Indian business press (such as Economic Times, Business Today, Businessworld, or rediff.com) typically address single issues such as exhibition or finance rather than tying them together in an overall analysis that also encompasses demand and institutional factors. The scholarly works on the history and/or economics of the Indian film industry (the most notable being Jain, 1960; Kohli, 2006) do not analyze the film cluster in Mumbai as such (Ganti, 2004, being a recent exception).¹ Consequently, while we may use the abundant secondary data for our comparative analysis of Hollywood, we need to rely on original and novel data for our analysis of Bollywood.

The understanding of entrepreneurial networks in industrial organization necessitates analysis of both industrial structure and industrial dynamics. To analyze structure, we need to map the number, size and influences of *firms*. But,

less trivial, to capture dynamics of project-based industries, we need to study *projects* as a supplement to firms. In such industries, each project is a clearly identifiable incidence of strategy with notable social learning effects: The organization of a successful project is likely to inspire subsequent projects. In industries where projects are market-based (Lorenzen & Frederiksen, 2005), i.e., involve several firms or freelancers, it makes methodological sense to make the project, rather than the firm, the unit of analysis in order to capture dynamics, as each project represents the coming together of different *agents'* strategies. In this type of industries, as the organization of single projects aggregate to the dynamics at industry level, projects, rather than individual agents, are the most appropriate unit of analysis for changes of industry structure – even if not a micro-foundation, but a meso-level one.

In this vein, to capture the structure as well as dynamics of a film industry, we need to map a) the configuration of dominant types of production *companies*, as well as b) the dominant ways *films* are produced in collaborations among numerous agents. The key empirical variables for a) are distributions and interactions of companies that specialize in different stages of the value chain – i.e., how many preproduction, production, postproduction companies there are, whether and how many coordinators (integrated financiers and distributors) as well as integrated companies there are, and how competition and collaboration among these companies types look like. The key variables for b) are the dominant types of task (role) division used in film projects (who undertakes which stages in the value chain), as well as the mechanisms used for coordinating such tasks (ownership, contracts, trust, etc.)

Archival data

A basic limitation for a historical analysis of Bollywood is that statistics for the Indian film industry is even less satisfactory than for (the notoriously difficult) film industries in other countries. Neither the Central Statistical Organization nor other statistical bureaus provide useful data on Bollywood's industry structure or employment. Film data are also scarce. The Central Board of Film Certification publishes the number of certified Hindi films annually, but with little data on project participants, budget, or performance. Production figures provided by production companies are only provided for some films, not collected systematically, and both budget and collection figures are known to be imprecise estimates or deliberately skewed. Hence, we based our historical analysis not only on production data, but also the Indian media, the occasional consultancy reports undertaken by Indian industry organizations with consultancy agencies.

Our interpretations of earlier periods in Bollywood's history was cross-checked with Barnouw and Krisnaswamy (1980); Dwyer and Patel (2002); Kohli (2006); and Ganti (2004). The analysis yielded insights into the roles of demand, government regulation, social networks, and Mumbai's urbanization (demographics, land prices, etc.) for the evolution of dominant types of production and coordination companies, as well as (to the extent data allowed) for project tasks and coordination modes.

Multiple nested case studies

We chose to also carry out multiple case studies of film projects, because they were a necessary supplement to the historical account provided by statistical analysis and other historical data (Flyvbjerg, 2004) for gaining insight into the structure and dynamics behind the present organization of industry and understand factors facilitating and impeding its current change.

The sources for this multiple empirical work were, apart from the very modest available secondary data, an intensive fieldwork that we carried out jointly.

Between 10 days in June 2005 and five weeks in March-April 2006 we conducted 53 interviews in Mumbai with key informants from within the Mumbai film industry (producers, managers, studio owners) and its supporting industries (such as finance and advertising) as well as talent (directors, actors, editors). Our analysis was limited to 30 films for two reasons; firstly, because once you go beyond the top 10 in India, the data becomes much more scarce and unreliable and, secondly, keeping the number of film to 30 allowed us to cover almost 80% through our fieldwork interviews. The rest were unavailable due to ongoing production or post-production activities that were held during the five weeks of our main fieldwork.

Given the high number of parties involved in each project, studying projects may tell us something about the dynamics of the industry that we would miss if we studied only companies. The case studies were designed as follows. Out of a total population of the approximately 450 Bollywood films produced in 2003-2005, we selected a sample of the top ten earners for each year (identified by deducting production costs (as listed on www.ibosnetwork.com) from box office collections in the year of release (as listed on www.ibosnetwork.com and www.imdb.com) for the top 35 box office grossing films (all territories) for each year). This yielded a sample of 30 film projects, the task division of which we first analyzed using the films themselves and online resources (www.ibosnetwork.com, www.imdb.com, www.bollyvista.com, www.planetbollywood.com, as well as various webzines). Then, through using multiple personal channels as well as cold calls for setting up meetings, we managed to undertake interviews with producers (who were often also manager-owners) in 14 production companies, covering 23 of the case films resulting in a response rate of more than 76%.

TABLE 1:

Top 10 Films India 2003-2005 (source: IMDB)

Title	Studio			Family ties*
2003 Koi Mil Gaya	Film Kraft			1
Munnabhai MBBS	Vinod Chopra Productions			2
Baghban	B.R. Films			1
Andaaz	Shree Krishna International			0
Tere Naam	Orion Pictures			0
Hungama	Venus Records			0
Kal Ho Naa Ho	Dharma Productions			3
Bhoot	Dream Merchants Enterprise	Varma Corporation		0
Chalte Chalte	Dreamz Unlimited	United Motion		1
Jism	Fish Eye Network	Shreya Creations		1
2004 Dhoom	Yash Raj Films			3
Veer Zaara	Yash Raj Films			4
Hum Tum	Yash Raj Films			1
Masti	Maruti International			0
Hulchul	Movies "N" More	Venus Records		1
Main Hoon Na	Red Chillies Entertainment	Venus Films		1
Murder	Bhatt Productions			1
Mujhse shaadi karogi	Nadiawala Grandsons			0
Lakshya	Excel Entertainment			3
Ab tak chappan	K Sera Sera			0
2005 Bunty aur Babli	Yash Raj Films			2
No entry	BSK Network and Entertainment	S.K. Films Enterprises	Sahara One Motion Pictures	3
Sarkar	K Sera Sera			1
Salaam Namaste	Yash Raj Films			1
Black	Applause Bhansali Productions	Applause Entertainment	SLB Films	0
Garam Masala	Ashco Media Arts	Venus Films		0
Kya Kool Hai Hum	Balaji Telefilms			3
Page 3	Lighthouse Entertainment	Sahara One Motion Pictures		3
Bluffmaster	Entertainment One	R.S. Entertainment	Sahara One Entertain't.	1
Kaal	Dharma Productions	Red Chillies Entertainment		1
Total: 38				

* Based on the main categories of producer, director, lead roles, and scriptwriter

TABLE 2:
Top 10 Films USA 2003-2005 (source: IMDB)

	Title	Distributor	No. of family connections*
2003	Finding Nemo	Buena Vista Pictures	0
	Pirates of the Caribbean	Buena Vista Pictures	0
	The Matrix Reloaded	Warner Bros. Pictures	1
	Bruce Almighty	Universal Pictures	0
	The Lord of the Rings: The Return of the King	New Line Cinema	1
	X2	20th Century-Fox Film	0
	Chicago	Miramax Films	1
	Elf	New Line Cinema	0
	Terminator 3	Warner Home Video	0
	Bad Boys II	Columbia Pictures	1
	2004	Shrek 2	DreamWorks Distribution
Spider-Man 2		Columbia Pictures	0
The Passion of the Christ		Newmarket Films	0
The Incredibles		Buena Vista Pictures	0
Harry Potter and the Prisoner of Azkaban		Warner Bros. Pictures	0
The Day after Tomorrow		20th Century-Fox Film	1
The Bourne Supremacy		Universal Pictures	0
Meet the Fockers		Universal Pictures	0
Shark Tale		DreamWorks Distribution	0
The Polar Express		Warner Bros. Pictures	1
2005		Star Wars: Episode III	20th Century-Fox Film
	Harry Potter and the Goblet of Fire	Warner Bros. Pictures	0
	War of the Worlds	Paramount Pictures	0
	The Chronicles of Narnia	Buena Vista Pictures	0
	Wedding Crashers	New Line Cinema	0
	Charlie and the Chocolate Factory	Warner Bros. Pictures	1
	Batman Begins	Warner Bros. Pictures	0
	Madagascar	DreamWorks Distribution	0
	Mr. & Mrs. Smith	20th Century-Fox Film	0
	Hitch	Columbia Pictures	0

* Based on the main categories of producer, director, lead roles, and scriptwriter

In order to test the plausibility of our findings, we supplemented the qualitative data from our fieldwork with quantitative data from the International Movie Database (IMDB). We analyzed these data through a count of family ties for our 30 case study film and contrasted these with the matched sample for the USA for the years 2003 to 2005 (see tables 1 and 2). The count of family ties was based on name counts of common last names. In order to account for the possibility of random counting of non-relatives with a coincidentally common name, we triangulated the basic counts with secondary industry sources (see below). While this is not a rigorous statistical testing it gives our qualitative findings more plausibility and corroborates the emerging theoretical framework (cf. Uzzi, 1997; Uzzi and Lancaster, 2003; Anderson et al., 2005).

Data analysis

All interviews were semi-structured with durations between 1 and 3 hours, recorded and transcribed. We revisited the data iteratively in order to find convergence within and across cases regarding patterns and themes (Yin, 1994). We used qualitative data analysis software (NVivo 7) for coding and analyzing raw interview data, i.e. transcripts, to investigate the context, emergence and usage of types of ties and other themes that emerged from the data (Miles and Huberman, 1994). Analyses included primarily iterative textual analysis and categorization, as well as the creation of tables, timelines, and counts. Cases were analyzed for patterns and themes to explain the evolution of embedded ties which were then compared to arm's-length ties regarding their scope and usage.

The interviews used both a literal and a theoretical replication strategy, designed to increase the generalizability of case study research by confirming findings or coming up with opposite ones (Eisenhardt, 1989; Yin, 1994). For different films, we asked the same questions regarding division of tasks (spanning from finance over production to distribution) and the mechanisms (contracts, social networks, etc.) employed to coordinate different tasks among project participants. We also checked for case-specific influences, asking to the factors in the participating production company's history as well as the external environment of the project that influenced task division and coordination, and whether the integration or coordination strategies of the involved production company had recently changed or were deemed likely to do so (see appendix for a sample list of questions).

The multiple case studies yielded a remarkably coherent picture of certain dominant types of task division and mechanisms of coordinating film projects, as well as the factors causing production companies to apply different strategies. From the 30 cases, we were able (with some precaution, and cross-checking with the results from our historical analysis) to infer logically (Flyvbjerg, 2004) to the level of Bollywood as a whole, because the case studies were not a probabilistic sample. Due to the lack of data, we did not intend to select a sample representative of all Bollywood film projects in the chosen time period, so we instead used theoretically deduced expectations (Eisenhardt,

1989) in order to construct a sample of *extreme cases* (Yin, 1994): Those film projects that, given their success, not only have the highest cultural impact upon consumers, but are also likely to represent strategies that are most economically viable and causing the greatest degree of social learning (imitation) to future Bollywood film projects. Moreover, the production logic of *firms* turned out to be similar, if not same across *projects*. Hence, the patterns revealed in the multiple case studies give a clear indication of the dynamics and future direction of Bollywood as a whole.

Given the qualitative approach, findings are only generalizable to the cases which provided the data and, based on analytical generalization, to theoretical propositions and models developed for future testing (Yin, 1994). Statistical testing of the emerging theoretical framework was outside the scope of this study.

Findings

In this section of the paper we present data and findings from the fieldwork. It begins by looking at if and how Bollywood entrepreneurs assemble teams in film production and use ties to other individuals and which types of ties they used. The findings can be distinguished in the use of embedded and arm's-length ties or the balance between safety and flexibility (Gargiulo and Benassi, 2000), or according to creative industry networks we described earlier, transaction cost minimization and introduction of novelty. There are different levels of relationships, between various types of talent, both artistic and technical, but most of them go through the producer who is the entrepreneur who puts together all the different parts including the financing of the movie. Following Uzzi (1996, 1997) we present our findings for the use of entrepreneurial networks from the perspective of family firm Bollywood entrepreneurs, grouped into embedded and arm's-length ties. Interestingly, issues that are of interest to family business researchers rarely came up in our interviews explicitly. While succession is obviously of interest in the multi-generational family firms we studied, ownership and control, or agency (Carney and Gedajlovic, 2002b; Schulze et al., 2003) did not feature prominently. We did, however, find occurrences of altruistic behavior which we will come back to in the discussion, in particular with some of its negative consequences (Schulze et al., 2003)

Embedded ties

In Bollywood, embedded ties are basically used for three functions, for financing purposes through 'friendly finance', for assembly of technical talent casting of (star) actors³ and for getting your movie distributed.

Finance

With regard to finance, this seems clearly a domain of strong, embedded ties. There are multiple comments in our interviews that mention the still somewhat traditional model of film financing that used to be in place before the industry was recognized by the government and conferred industry status that made it eligible for institutional finance.

“You finance only when you have trust. When you trust the people. Then only you can finance. So it the ‘friendly finance’ you can say, and helping also. In India that relation means relation with others. You have good relations then, person to person, reputation – trustworthy.” (interview 13, *producer*)

This pattern seems to pervade across different types of producers, very small to medium sized firms. One entrepreneur who just made his entry into the film industry and basically operates on his own with support from his industry experienced father said:

“Where I get my money from? Sixty per cent is mine, rest I get from my family like my dad.” (interview 10, *producer*)

This is clearly mirrored by an entrepreneur with years of industry experience, “Some films financed by own means, other need to attract investments, private capital, through personal networks.” (interview 26, *producer*)

Interestingly, while this way of financing movies seems still deeply imprinted in producer entrepreneurs’ minds, the environment is changing quickly. In theory, film producers could get formal finance not only from government initiative and banks, but also from a new breed of private investor, venture capitalists. One VC explained to us:

“Indian venture capital would be ready to invest, at least in the films that can get stars, because here, risk is low and returns rapid. But producers themselves are not ready to seek institutional money, because they prefer to keep transactions flexible, black, and based on personal ties and favors. This is a way that can be controlled better and with no public interference.” (interview 34, *venture capitalist*)

Similarly, when talking about ties with the corporates (corporations that enter the industry from the distribution side, with large capital base and professional management) and foreign firms, for instance from Hollywood, one producer who together with his father and brother produced nearly 250 films, told us:

“I don’t want to tie with you because I want money. There was a time where I was tying with people because of capital but today I don’t need that. So when I tie up with a foreign company so I would look at content with a global appeal. So I’ll tie up with a foreign company which can facilitate proper distribution networking from my content to reach right places all over the world. Because then only you get the maximum returns. So that kind of synergy is a well mixed synergy. What extra can you bring in? I bring in a quality product to a very effective cost you bring me the expertise of distribution networking on a global platform.” (interview 19, *producer*)

Distribution

One of the main issues of relevance of distribution is related to financing purposes. One has to keep in mind that Bollywood producers are small family enterprises without (in almost all cases) their own distribution networks, let alone exhibition. Therefore, they rely heavily on an efficient distribution system in order to get their films to the theatres and eventually the cinema-goers in order to earn their money at the box-office, which is still the main source of revenue for Bollywood films. Depending on the storyline, but mainly on the cast of the actors, producers can get their film at least partly financed by their distributor. What seems peculiar to the to the Bollywood industry is that

“Distributors have great significance in the increased importance of stars. A movie with a newcomer, or made by a newcomer, has to be finalised and shown to distributors before they accept or reject the movie whereas a movie with an established star can due to the star’s name be sold before completion of the movie.” (interview 26, *producer*)

Another producer, known for using newcomers and being more ‘artistic’ than mainstream Bollywood explained us the difficulties of his model.

“The film got released on the eleventh or twelfth month, because being a film, which had been attempted in a manner of rituals different from mainstream cinema it had these newcomers who were upcoming, so obviously they didn’t have that kind of credibility to get buyers or distribution was very difficult to come by.” (interview 13, *producer*)

While this might not seem long by western standards, almost one year is more than average production time in mainstream Bollywood. however, the main point is that

“Actors make a difference in marketing and in selling your film [to the distributors]” (interview 26, *producer*)

Access to talent

The previous quotations point to the importance of stars in the Bollywood production system. It is crucial for producer-entrepreneur to have access to star actors, and increasingly other star talent such as directors, or music composers in order to obtain financing. While there is more evidence than can be reproduced here, we will focus on the cliquish relationships between a core of producers, directors and actors. For instance, one producer emphasized that

“the personal relationship between the producer and actors still [is the] most important factor in film making process. [...] In order to attract key actors a good personal relationship is required. Individual producers have certain

advances for corporate, some things money cannot buy”
(interview 26, *producer*)

He goes on to describe in the case of the male star Shahrukh Khan (SRK), whom he gave a break into Bollywood, that he is

“so big and beyond money that for him salary is not central, what is central is good script and the personal relationship to the producer he works with. That’s why he works with Karan Johar all the time. With money, the corporates cannot buy certain artistes. Because they are far beyond money now” (interview 26, *producer*)

He also explains the reason for the importance of relationships and how they substitute long-term contracts

“The directors have each made 3-4 movies for [us], but contracts were signed only for one movie at a time, only the corporates sign directors for 4-5 films. Therefore good personal relation between [us] and the directors is of great importance.” (interview 26, *producer*)

However, these contracts are very different from elaborated explicit ones known from western contexts. Due the trustful relationships, they are normally merely a short piece of paper the industry manages without very detailed contracts:

“If the relationship between a producer and actor is good, nothing will happen. Film making is more like a human relationship. If you spoil your relationship with court and everything to complete your film it will never work. You can manage with a 3-4 page document! [...] It is not all about personal relations, but good relations are important. You have to be polite with actors, only if something goes wrong you need to take action. If you are good friends the 3-4 page document is sufficient even to solve conflicts. But with me that kind of problem has not come so I don’t know whether it is required or not.” (interview 26, *producer*)

Interestingly, this reliance on relational rather than contractual clearly shows how this creates problems for novelty, in terms of scripts:

“Many directors come with scripts, may just as well approach an actor as a producer, as actors have big power. In rare cases actors approach directors with scripts and then find producer. An efficient market for quality scripts (like Hollywood’s) is still lacking. Personal relations still play a significant role in acquisition of film scripts and become a huge entry barrier for potential scriptwriters.” (interview 26, *producer*)

It also explains why there is less freelancing in Bollywood for instance amongst technical talent.

“You know, when you work an inner circle, a few handful technicians” (interview 13, *producer*)

“Even amongst directors, writers and actors ‘handshake-contracts’ are common [There are] potential problems with freelancers/project based employees, if no personal relations, unlike close-tie employees with personal relations [and] no need for contracts” (interview 32, *studio*)

He describes this as a

“village-effect in Mumbai – system based on large degree of trust: people vest trust in the ones they personally know” (interview 32, *studio*)

In fact Bollywood is a small village:

“Any Bolly producer, and it need not be Ashutosh [Gowariker], can pick up a phone and know in 15 minutes whether an actor like Aamir [Khan] is in town, whether he is shooting, whether he is available. Everybody knows everybody.” (interview 46, *actor*)

This village economy is also reflected in conflict resolution measures as described by an actor who knows the worlds of both Bollywood and Hollywood:

“Many disputes are solved by elders (who might not even be involved in the film in question), e.g Yash [Chopra], in a village-council-style or like family elders taking care of family issues. Sometimes formal gatherings, dispute committee in the producer’s Guild or actors Association. Sometimes informal, dyadic, when an elder meets at a party a young actor who misbehaves with a producer, or a producer who doesn’t pay and gives him a talking too. Sometimes also called up and asked to mediate.” (interview 46, *actor*)

It is this characteristic of relationship-based organization that seems to make Bollywood work differently from other film industries. The underlying causes of this are seen in Indian culture, to which we will come back in the discussion. It is described as

“[A] way of life of Indians, the baap-respect – personal relations type of dealings. Heavily networked.” (interview 34, *venture capitalist*)

While the film industry does not seem to be a place for altruistic behavior, some, rather established players mentioned how they have been offered a favor in reciprocal ways.

“SRK offered [us] a partnership for Main Hoon Na ‘as compensation’ for a movie [produced by us] with SRK that did not materialise” (interview 26, *producer*),

or how they used their (financial) power to do a favour:

“To me, there are one or two films that I’ve taken up only because I wanted to help a friend of mine. He could not find buyers, he could not release his film so I could release it with my system.” (interview 13, *producer*)

He goes on to explain that this “good relationships with for example SRK” puts him in good position and makes him

“Able to incur favours, attract to film.” (interview 26, *producer*)

Another producer describes his close ties with one star actor, who

“claims that he will be in every film I make [...] I like that” (interview 14, *producer*)

This is reflected in a film review, stating how actors try to keep links with star producers:

“What else can be said for John Abraham’s role in Kabul Express? (...) it is obvious he took the role strictly to maintain ties with Yash Raj Films.” (Ron Ahluwalia, Planet Bollywood)

The role of family

While the previous section described the relational mechanisms of the Bollywood film industry as a village economy, based on reciprocity and trust, this might not be terribly different from other related contexts, especially given the strong geographical clustering Bollywood exhibits. However, one very important channel for these relationships is the family. This had been mentioned repeatedly and in related statements, thus we will highlight a few exemplary ones.

“My dad is doing the movies, so it’s like I’m like the third generation in my family. So the only thing I do is make movies. So the only thing I know is making movies and nothing else. [...] Yes I’m the third generation in my family. My dad is in development. So my granddad announced me. So for me nothing but movies, there is nothing else I want to do.” (interview 10, *producer*)

When asked, if he had any training from the film school, he replied “Just raised in the family”. One of the most impressive examples of multi-generational film families – in our data – is the following:

“See where we are coming from. See it’s the fact that it’s born in the family. My father made 128 movies so genetically we’re workaholics. I’m only 45 years old and my brother has made 70 movies so between father and 2 sons we have nearly 250 movies. Which is a fascinating figure to talk about without sounding arrogant. And I feel that because my father was in the business and my mother was in the business, my uncles were in the business so from the childhood I’ve been living in the studios and laboratories and my experience is to my advantage. And now we’re 3 generations in the business, right from my father from black and white era when my father joined the industry, to the colour movies and now my son have taken over. He has studied in the Tisch School of Arts, NYU, he is an undergrad from there and niece she has been a popular actress and now she is producing and direction herself. My nephew was a big star and now he is a director, I feel great pride in calculating my own family. We’re like an excellent clan.” (interview 19, *producer*)

And he continues, while not representative certainly not uncommon:

“No, no we are an unlimited company and not a public company and it’s a family run business and I’m the chairman also. We have no partners. Everything is done in the family.” (interview 19, *producer*)

Another producer explains his upbringing in a film family

“I’ve been around here for almost 25 years independently, 5 years before that I was with my father and I was, in fact I’ve been born into a film family, so I’ve been eating, sleeping films, cinema. And besides learning the craft I’ve been interacting with film people. My family has had bearings here in Bombay with film industry people, and I have been friends with so many film industry people, and when you’re there in this kind of environment you’re only doing films all the time.” (interview 13, *producer*)

While it might be useful for any functional role to have experienced family background, it seems particularly the case for actors that such family background in the industry can help for entry.

“After first feature film or two (it has to be a hit), your reputation is made, if you have talent. First couple of films showcase for talent, then people know you. But this showcase is so difficult to get to make! Here, family and friends help, but they cannot help you beyond the first break.” (interview 46, *actor*)

The reason why family can help is due to the lifestyle of the mainstream film community:

“In Bollywood, many stars have always been privileged, come from rich or higher middle class families (few even know rest of Bollywood people from childhood). Stay accessible for each other and the world, stay in touch, do not spend efforts distancing themselves from the rest of the industry and their colleagues. Rather live as family.”
(interview 46, actor)

Of course, there are also opposite developments, with few token coming not from film families with a lot of exposure to the industry and connections from the cradle, but

“from wealthy professional family. Doing theatre in school and college. When decided to be actor, [I] came to Bombay. Surprise for family, acting has no high merit.”
(interview 46, actor)

The relationship between family and star actors leads us to the relevance of weak, arm’s-length ties, a necessary condition in creative industries to provide novelty. On the question of using stars which are not family and being lucky to have in his family some of the major stars, one producer says

"You see, that’s because that was the demand of the script, and at the same time when you are doing two to three films at the same time you can’t have just your family doing all the films. So I’ve had one film at any given time with a family member and the other beyond or outside the family." (interview 13, producer)

Arm’s-length ties

Novelty

While there are a number of arguments for embedded ties amongst Bollywood family businesses, there seem to be less reason for arm’s-length ties. Novelty appears to be less required than one would expect from research, especially in related industries (Uzzi and Spiro, 2005). Interestingly words like novelty, newcomers or with related meanings appeared much more seldom in our data than friend, family and so on. There is criticism actually based on an overembeddedness in family connections:

“but it’s always you and your brother doing the scripts for the films. How can you get new scripts when you always do them yourself" (trade fair visitor referring to a producer-director family)

There is acknowledgement that novelty, new ideas, newcomers across talent categories is needed:

“[I] have chosen [this actress] for [that movie] due to mode of the character in the movie (innocent, sincere, beautiful looks) and a newcomer because [I] didn’t want actresses with ‘baggage’” (interview 14, *producer*)

However, interviewees pointed to the difficulties in the current system of introducing that novelty, which are related to the relational acquisition of talent and scripts mentioned above.

“[We] also wants to produce 2-3 movies per year like other established production companies, but finding good directors and scripts are bottlenecks” (interview 26, *producer*)

Another problem with newcomers stems from the demand side, the audience is very used to see stars on the screen. So while the financial risks are much lower, the potential is higher as well as the probability to get advance payments from distribution, as mentioned above:

“Majority of mainstream films will include well-known stars, the biggest production companies very seldom use newcomers, despite the fact that the financial risk of using a newcomer will be relatively lower for them as they can sell off their films on the director’s and producer’s brand name alone” (interview 26, *producer*)

Moreover, the lacking ability of the current system to introduce novelty, but rely on embedded ties, creates an undesired outcome:

“If you make small-budget films and with directors that exclusively work with you, like [that producer], you can have a fixed team of creatives. And new production houses like UTV have fixed creative staff [with] lower costs, but lower quality as well.” (interview 26, *producer*)

Embedded family ties - some quantitative corroboration

As outlined above, the film industry is a project-based creative industry that generally requires a lot of experimentation and as such is usually characterized by a *high percentage of weak tie relations* while at the same requiring some repeated, trustful relationships being reflected in a *core of embedded ties* (Uzzi and Spiro, 2005; Delmestri et al., 2005).

Our interview data showed that in the Indian context informal institutions, then, have, through the channel of embedded ties, a moderating effect on other relations in industries such as film, which we use as a case here. We found embedded ties mainly based on family, but also on friendship, school relations, and common regional of origin, such as Punjabis or Sindhis in the Indian case. In this paper, we focus on strong ties embedded in family-based relations as they came out as a strong finding from our qualitative research that we now render more plausible through descriptive analysis of secondary data.

Despite the general tendency to strongly rely on weak ties for the generation of diversity of ideas, the film industry in India is markedly different from its Western counterparts. In order to illustrate this case, we analyzed the categories of producers, directors, writers and lead actresses and actors in both the USA and India with descriptive statistics to account for the relevance of family embedded strong ties.² The aim of this simple, quantitative analysis is to illustrate the findings from our inductive fieldwork and show its plausibility rather than to render a definitive proof (cf. Uzzi and Lancaster, 2003; Anderson et al., 2005).

Following Padgett and Ansell (1993), in this plausibility check family is operationalised as “people with a common last name” (1993: 1267). We are aware of limitations of such an approach, in particular in societies with a low diversity of last names.⁴ Therefore, we take into account the possibility of accidentally ascribing people to be relatives, just because of their common last name and triangulated the available information from the IMDb film data with trivia information from the same source and multiple others. Accordingly, this interpretation of family is more as a clan or extended family, rather than a household or nuclear family. This makes sense, given that the unit of analysis in India has a broader concept than in the West and is in line with a recent suggestion to “focus on households, regardless of size.” (Aldrich and Cliff, 2003: 592)

Among the top 10 films of each of the years 2003 to 2005 there are 21 films with family ties within or between these categories (see table 1). Compared to that, among the respective top 30 films in the USA there are only 7 films with family connections. Furthermore, in Hollywood it is always only one pair of people connected through family ties (see table 2). In Bollywood, on the other hand, films include multiple family relations within one project – this can sometimes mean more than two members of one family, and sometimes more than one pair of family relations, usually with families with long-standing relationships between themselves. As a consequence, the total number of such family relations in the top 30 films of the years 2003 to 2005 among the categories producer, director, writer, and lead actor is 38 (see table 1). To summarize, the quantitative data support our qualitative findings without being a rigorous statistical analysis, let alone proof.

TABLE 3:
The industrial organization of Bollywood

	Industry structure	Company types	Project task division	Project coordination mechanisms
1913-1931 Silent films	<i>Cottage industry</i> Production disintegrated Short-lived vertical integration of exhibition and production	Production companies Distributors	Finance, creative and logistical aspects of production, and marketing is done by production companies Distribution is done by distributors	(lacking data)
1931-1947 Talking films until Independence	<i>Production integrates into large companies</i> Disintegrated distributors emerge Exhibition disintegrates fully	Integrated production companies Distributors Cinemas	Finance, creative and logistical aspects of production, marketing and some exhibition is done by integrated companies Distribution is done by distributors Exhibition is done by cinemas; and integrated companies	<i>Ownership dominates</i> Contracts between production companies and distributors
1947-1980 After independence	<i>Production disintegrates into small and even one-man companies</i> Distribution remains disintegrated Exhibition remains disintegrated	Moneylenders and other informal financiers Actors, directors and other freelancers Production companies Distributors Cinemas	Finance is done by informal financiers; and distributors Creative aspects of production is done by freelancers Logistical aspects of production, and marketing is done by production companies Distribution is done by distributors Exhibition is done by cinemas	<i>Social networks become important</i> Social networks between financiers and production companies Social networks between freelancers and production companies Contracts between production companies and distributors
1980-1998 The modern Indian economy	Production remains disintegrated Distribution remains disintegrated Exhibition remains disintegrated	Moneylenders and other informal financiers Music companies Advertising companies Actors, directors	Finance is done by informal financiers; music companies; advertising companies; and distributors Creative aspects of production is done by freelancers Logistical aspects of production is done by production companies Marketing is done by production	<i>Both social networks and contracts</i> Social networks between financiers and production companies Contracts between music companies and production companies Social networks between freelancers and production

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		and other freelancers Production companies Distributors Cinemas TV channels	companies; and advertising companies Distribution is done by distributors Exhibition is done by cinemas; and TV channels	companies Contracts between production companies and distributors Contracts between production companies and TV channels
1998- Present time	Bifurcated system under emergence: Most production, distribution and exhibition remains disintegrated horizontally and vertically Some horizontal integration in distribution and modest vertical integration with production and exhibition Some integration in production, pulled by distribution Some integration in exhibition	Coordinators Moneylenders and other informal financers Banks Advertising companies Actors, directors and other freelancers Creative service companies Production companies Distributors Cinemas	Finance is done by coordinators; informal financers; banks; advertising companies; and distributors Creative aspects of production is done by freelancers; and creative service companies Logistical aspects of production is done by production companies Marketing is done by coordinators; production companies; and advertising companies Distribution is done by coordinators and distributors Exhibition is done by cinemas and one coordinator	<i>A multitude of and possible clash between mechanisms</i> <i>Alliances between coordinators and production companies</i> <i>Social networks between financers and production companies</i> <i>Contracts between banks; advertising agencies; and production companies</i> <i>Social networks as well as contracts between freelancers and production companies</i> <i>Contracts between production companies and distributors</i>

Discussion

Extant network research has focused on *outcomes* of different configurations of network structure and relations and found balanced networks of both embedded and arm's-length ties of high value, in particular in creative industries such as Broadway musicals (Uzzi and Spiro, 2005) or film (Delmestri et. Al., 2005).

This research has put the antecedents of networks of the centre of its analysis and it challenges the generalisability of prior research to different contextual settings, such as mainstream film production in India. In this section, we discuss our finding on the formation of industry level network structures in the light of the influence of national institutions. These include both formal (legal, political) and informal (socio-cultural) institutions at the national level. In emerging economies such as India; we particularly emphasize the latter. This national level mediates any general industry level properties that might exist otherwise. Therefore, we now describe some stylized properties of Indian society that have an impact on everyday life and, hence, all business activities. We emphasize the role and structure of networks. Figure 1 summarizes both the individual effects and the interaction in our conceptual model.

In terms of the entrepreneurship literature we can locate our findings in the spheres of opportunity recognition and resource mobilization. Consistent with Aldrich and Cliff (2003: 577) it is particularly in the latter, where family-based embedded ties play a role; our evidence showed that in terms of getting financing or access to key people often goes through family networks, not only in the venture creation process, but throughout the life of the small family firm. However, when it comes to opportunity recognition, we actually see some overembeddedness (Uzzi, 1996, 1997) into family, a combination of too strong family social capital that is reflected in the family-dominated organizational social capital.

Compared to previous studies on entrepreneurial networks, our sample firms exhibit a much higher proportion of family ties. The contacts as well as the support provided by them seem to differ from non-kin based ties, apart from close friends. It is partly the lack of formal institutions and markets, but rather the reliance on traditional norms, such as relational contracting or marriage patterns that create a familiness in the sense of uniqueness, inseparability and synergy (Habbershon et al., 2003: 462).

Our findings resonate with recent work in the area of family business. For instance, the strong reliance on family ties that can lead to negative outcomes such as lack of experimentation and novelty for the sake of stability has been labeled family social capital (Arregle, Hitt, Sirmon and Very, 2007). They build a theoretical framework to describe the repercussions of such family social capital onto organizational social capital, including its downsides. In terms of altruism, this also relates to negative effects of such behavior through nepotism. This is different from agency problems that relate to altruism, such as free riding or shirking Schulze et al. (2003: 475) and that are difficult to control with economic incentives. This can be aligned with findings by Sharma and Rao (2000) who find Indian owners in the search for successors to rate blood and

family relationships higher than their Canadian counterparts, on the other hand, rate interpersonal skills, past performance, and experience higher. More generally, our findings suggest that the family firms in Indian film production are quite distinct from more professionally managed ‘corporates’ that are now trying to enter the film industry (Chrisman et al., 2003: 444). These differences affect the *resources* (e.g. embedded ties available for film production team assembly and finance), *behaviors* (e.g. relational rather than contractual relationships) and *decisions* (e.g. not to tie up with professionally managed firms). We argue that these differences taken together also provide the family firms with a distinct competitive advantage over nonfamily firms, at least as long as most of them continue to keep the distinctiveness, such as behavior and decision making.

FIGURE 1a: Conceptual model - theoretical relationships

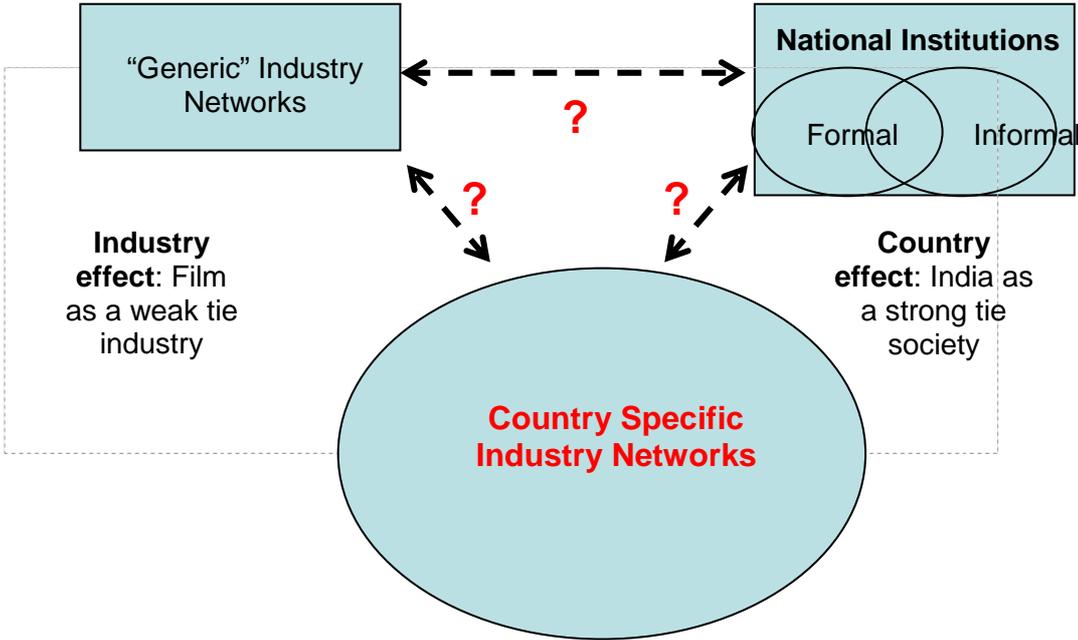


FIGURE 1b: Conceptual model - overlapping fields

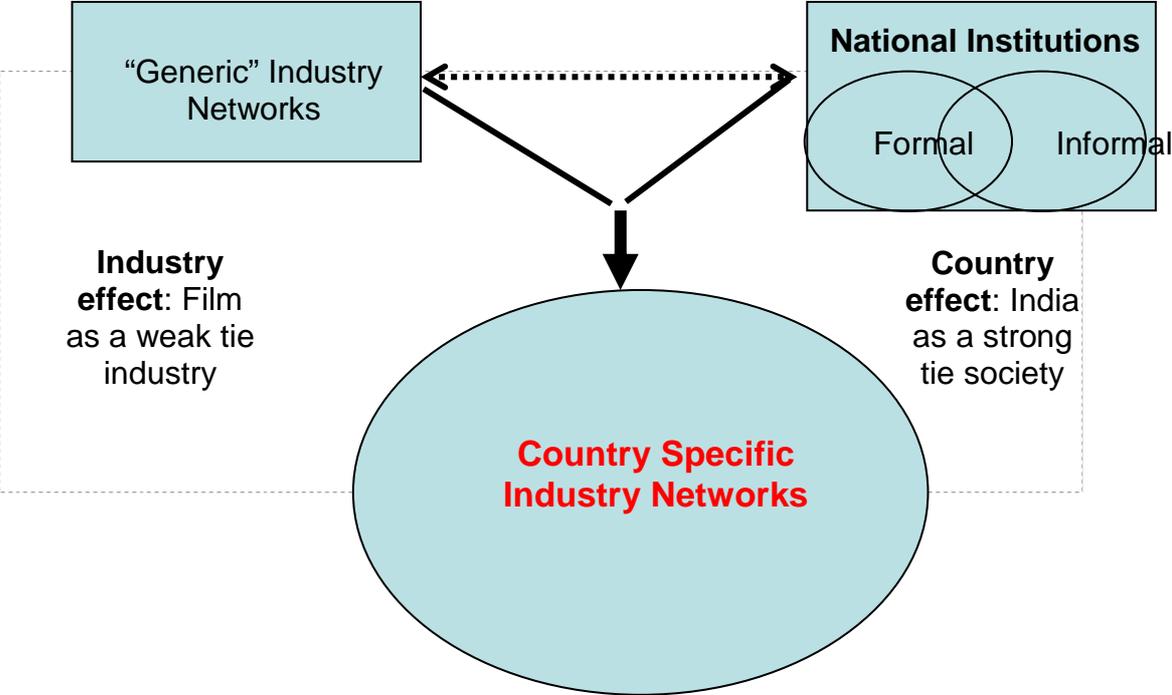


Table 3 describes the evolution of the Indian film industry since its inception. In essence, compared to other film industries such as Hollywood, the Indian setting is characterized by a high use of family ties, contrary to industry practices known from in the West, in particular since independence. We argue that this higher reliance on embedded ties in an industry that in other countries is more weak tie-based stems from the general emphasis of family in the Indian society as delineated above.

One notable trait of star actors in Bollywood, even today, is that they are cast and signed through informal social relations, rather than through agents and lawyers, and unlike their Hollywood counterparts, written contracts are rarely used (and, due to the lacking Indian legal system, virtually not enforceable). From the outset of the star system, star actors preferred to work on the basis of personal trust, and even today, personal trust is a crucial supplement to any written agreement. For a producer of mainstream films, it is thus of great value to have strong personal relations to the current stars. The high demand for star actors means that they may turn down offers, opt out of productions at an advanced state, or underperform with producers they do not know. Today, even with the emergence of new consumer preferences for genre- and script-based films rather than traditional masala, casting one or more stars is still the preferred strategy of improving the likelihood of a mainstream film’s box office success and hence, getting advance financing from distributors. It should be noted, though, that even if a necessary strategy, casting stars is not always a sufficient strategy: Like all entertainment market, the market for Bollywood films is uncertain and the hit/flop rate of Bollywood films is remarkably equal

to Hollywood films: Only 10-20% of films break even or earn profits (Ganapati, 2002; Ganti, 2004). The value of good personal relations to star actors would mean much more than the ability to sign them to a production: It would sometimes also mean that production delays and budget overruns could be held at a minimum, as stars in huge demand usually overbook their schedule and give priority to producers with whom they enjoy a good personal relationship.

A third category of social relations which is now becoming important for Bollywood film production is relations between producers and star directors. Changes in consumer demand mean that films based on novel scripts or direction slowly eat into the mainstream market, and particular powerful directors are slowly becoming valuable. As was the case with star actors, star directors prefer to work on the basis of personal relations.

The use and re-use of the social relations described above has created a social network of personal relations within a small community of key people: The producers who originally created the star system during the 1950s and 1960s and their extended families and close friends, as well as the extended families and close friends of the 1950s and 1960s star actors — all of whom have entered into the film industry as producers, actors, or directors. In this network, the information exchange is intense, and social trust is abundant. Most people know each other, if not through family bonds, then through frequent professional and social meetings, and producers, directors, and actors exchange text messages on their cell phones – even to set an important appointment or suggest a deal. The richness of information is so that a producer would know about an actor's or director's diet requirements already before approaching him for a project, and in one of our interviews, an actor claims that in the Bollywood community, any member can reach and set an appointment with any other via text message within 15 minutes. This is the case even for star actors: press people and some newcomers or non-mainstream producers have to talk their way through secretaries, but the producers who are long-standing figures in central Bollywood network simply call or text message even the most famous actors, because they already know most of them on a personal basis.

The efficiency of communication is accompanied by reputation effects and a high level of social trust: Within the network, a handshake is viewed as more valuable than a contract, and if there are disputes, elder and respected members of the community, acting on their own or as board members of the producers' associations, will often mediate and solve them.

It is important to note that Bollywood has no business groups – at least in film production – where lower transaction costs of film projects and access to resources and information is provided through social networks instead. Business groups are trying to enter the film industry in distribution and exhibition where they can leverage some of their strengths because more professional organization is required rather than creativity and novelty. Contrary to business groups, the Bollywood network is informal and allows for occasional temporary relations (i.e., film projects), geographically extremely focused on Mumbai, and a dynamic structure that continues to replenish itself.

However, while more open than business groups, Bollywood's social network is not entirely open to all entrants. Even if there are myths of actors or producers who arrived rupee-less and alone to Mumbai and became stars, most entrants to the network are brought in by insiders: The network grows by preferential attachment (Watts et al., 2002), as the most powerful members in the network give breaks as e.g. actors or directors to family members, friends, families' friends, and friends' families. Because of preferential attachment, the network has grown with a high degree of path dependence within relatively confined circles.

However, while single firms are often family-run, neither network relations, nor entry to the network, is strictly based on family. A more conspicuous sign of the path dependence of the network's growth is its strong representation by immigrants, many of which are Muslim. Already from Indian independence, Bollywood's social structure and glamour earned the industry a stigma among India's high classes and ruling elite, and this has added to the path dependence in how the social network grows. Apart from very little entry to Bollywood from the high classes, there was little investment in formal channels of entry to the film industry, such as film schools. The one state-run Indian film school was established as late as 1960 and puts out very few candidates, most of who go to the non-mainstream parts of the Indian film industry. In response, in 2005 Bollywood established its own private film school in Mumbai, boosting recruitment of qualified labor to Bollywood from within its usual sources of entry.

The nature of the social network makes it very difficult for newcomers in finance and distribution to integrate upstream into production, at any significant scale. As shown in the interview data, incumbent producers who enjoy a central position in the social network possess a richness of personal informal relations to today's star actors, directors, and financiers, and systematically use this for signing talent and obtaining finance. Some producers have such good relations to star actors that it is reputed that the latter may agree to work without any written guarantee or down payment, or sign contracts where their payment is considerably reduced if the film flops. As these producers also manage (and often own) their small-scale independent production companies, a core group of around 25 such companies possess most of the social capital of Bollywood and account for more than half of the mainstream film productions (and far more than half of the box office hits). Quite contrary to what an industry observer from Hollywood might expect, the more expensive and star-packed a Bollywood film, the greater the likelihood that it is produced by a small, specialized, independent production company (the grand old company that is currently upscaling being a unique exception). The corporations that have entered the industry occasionally distribute big-budget multistarrer films, but they rarely produce them. Their business model seems to be moving towards financing and distributing a good deal of low-budget films and the occasional big-budget film made by independent production companies, and producing a limited number of mid-budget films themselves. This strategy accommodates the fact that while the corporations are

able to sign distribution deals with independent producers, they have huge difficulties in producing big budget films themselves, as the star actors and directors are reluctant to work with them. This is partly because a poor image of “the corporate way” in the Bollywood social network creates some suspicion towards working with the corporations (of course, incumbent producers in the network have every reason to reinforce such suspicions). Partly, however, the difficulty of the corporations to enter the social network is also due to their procedures. The corporate way of insisting on elaborate contracts tends to crowd out informal relations, and producers employed in the corporations, coming from outside the usual recruitment channels to the social network, do not get many chances of building personal relations to star actors, directors and other Bollywood personalities, as they are shifted between projects and are subject to organizational changes in their corporation (eroding their trustworthiness to members of the social network).

Limiting vertical integration, the social network hence also limits horizontal integration. Horizontal integration is taking place in distribution activities, where scale advantages, rather than informal personal relations, are crucial. But in production activities, where creative processes and relations to key scriptwriters, directors and actors are important, the main evolution is the emergence of new alliances to finance and distribution companies that are desperate to source content. Horizontal integration of the incumbent production companies is generally absent or very slow, as these firms experience certain limits to scale of production, such as managing talent (scriptwriters, directors) in-house. As new education offers emerge in India and as the competition among firms for talented directors, scriptwriters and producers grows in Bollywood, the allure of long-term employment in a well-established and up-scaling production company relative to freelance work or self-employment seems to fade. The impact of the social network upon the horizontal integration of Bollywood’s film production is evident: Today, most Bollywood films continue to be produced by specialized companies with an annual output of less than 3 films.

Limitations and future research

Obviously, this study has a number of limitations, which highlight avenues for future research. Most of these limitations lie in the quantitative realm of our empirical corroboration hence are related to the generalisability of our findings. One of the limitations is the relatively small number of films, role categories and countries we are studying. In general, qualitative research yields a rich basis for developing a theoretical framework, but cannot subject the emerging theory to statistical analysis (cf. Uzzi and Lancaster, 2003: 398)

One way to generate more data on the US-India comparison is to further disentangle the intricacies of a film set and delve into more detail of the individual productions by including more and different functional roles (ideally all cast of the film) to check for family ties. In addition, we are working on expanding our Indian database to include at least a couple of hundred films over more than just the last three years. Moreover, in this study we have

focused primarily, yet not exclusively, on one type of embedded ties – family relations. In future research, one could study projects over time, in order to identify repeated production teams, which, in turn, can also be characterized as embedded ties: there is a lot of anecdotal evidence from our interviews and in film-related media that many directors and/ or producers prefer to work with certain actors or technical staff and vice versa.

Furthermore, our study only included extreme case studies of the very successful kind explicitly, because we selected top films on the basis of profits, not gross box office revenues. We did investigate implicitly extreme cases that were big flops, because this is, obviously, related to a big budget, and thereby we covered many of those when our interviews switched from a specific project to the usual practices and routines of the producer. Therefore we do not expect our results to change when we explicitly include big flops.

Despite all these limitations, our empirical evidence shows a remarkable difference between the industrial network structures in Bollywood and Hollywood. Further support to our study is lent by some quantitative cross-country studies that control for formal institutions such as capital market laws or legal origin, yet find the influence of the family to be robust (Bertrand et al., 2002).

CONCLUSION

In this article, we investigated family-based embedded ties at the level of film-production networks, i.e. project linkages. We expect a further investigation of inter-project linkages, both concurrent and over time, to reveal an even stronger domination of embedded tie networks branching out from the family businesses to include family *and friends* through an investigation of repeated ties. A simple, yet plausible explanation hinges upon the closed circle within which the Bollywood industry operates: if a number of people repeatedly interact with only few others, with such recurring collaborations their bonds are likely to foster over time. However, the strong reliance on family-embedded ties is less surprising in the light of large extended Hindu joint family that is symbolized by the Banyan tree; given similar findings for heterogeneous family ties in the Scottish context (Anderson et al., 2005: 152), where one could arguably expect families to be smaller, the sheer size of many families in India might provide enough heterogeneity while at the same time being trustful relationships.

This cohesive and dense network of Indian filmmaking embedded in family networks has several advantages as well as disadvantages (Uzzi, 1996, 1997). The benefits include the easiness of coordination: the less formal structure of the industry compensate for the disintegrated industrial structure. Informal communication networks allow for faster recruiting of film production teams that are often the very same people, thereby enabling a fast turnaround and high number of film output, even with virtually only small and medium-sized companies.

The disadvantage lies mainly on the creative side: the similarity in team composition also leads to a doubling of roles, or in other words less division of

labor. For instance, many directors or producers also act as scriptwriters. This reduced number of actual scriptwriters has a dramatically adverse effect on the creativity of the entire industry. One should keep in mind that it is exactly for reasons of securing creativity in an environment of extremely uncertain demand that weak tie networks developed in filmmaking industries elsewhere. But, as a rather recent phenomenon, we are witnessing some changes in the industry. It has been officially endowed with 'industry' status and has thus become eligible for formal bank loans. Moreover, with increasing globalization many players from other industries have recognized the commercial success of India and abroad and have already entered the market or are currently trying to establish a foothold (cf. Manikutty, 2000; Carney 2005). These new entrants come predominantly from related Indian industries, such as television, music or advertising; those from unrelated industries or even foreign firms have more difficulties of entering, precisely because the industry is still dominated by a web of informal social networks. However, at least some of these new entrants have the financial power to change the way of filmmaking, and make it more transaction-based (cf. Kohli, 2006).

Therefore, the current situation also bears some potential: given the dense and strong networks that exist, it should be feasible to orchestrate more efficacious and efficient alliances of independent producer-directors with corporate houses than in Hollywood. In Hollywood, most of the film projects are extremely commercial, and entail very little vision. In Bollywood, on the contrary, networks could be utilized in order to avoid this trap of commercializing this cultural and creative industry. At present there is some reluctance, because the small producers prefer to do their business the informal way they are used to; but 'corporates' do not want to speak this language. Given the situation of networks mid-way between markets and hierarchies it is possible that old and 'new' ways of filmmaking in India will meet middle-way. After all, the corporates need the pool of creative talent available in the small and medium companies, and independent producers need the money of the newly entering corporate houses. In other words, we expect that the Bollywood industry will combine the advantages of both low transaction costs in dense networks and the increased creativity of structural holes in a small world network. This would require reducing the impact of family (and friends) ties in order for Bollywood to would converge towards the model known from the West and become globally more competitive. However, this might have a disruptive effect and destabilize the network that is built on embedded ties (Uzzi, 1997: 58). Our results are consistent with recent studies that found difficulties in generalizing theoretical findings established in Western contexts to national cultures such as China (Xiao & Tsui, 2007).

Theoretical implications

Entrepreneurial networks have been studied extensively with a growing trend in recent years. This research, however, lacks an in-depth treatment of family (Aldrich and Cliff, 2003) as well as of different contextual settings (Xiao and Tsui, 2007). In this paper we contribute to the understanding of *how* family

businesses build and make use of a variety of embedded and arm's-length ties. While during our research we did talk about core topics of family business research, such as succession and agency, apart from control issues (and some extent of altruism), these turned out to be less relevant in our research context. Therefore our main contribution is to better integrate social network theory into the family business literature by showing that the use of strong, embedded ties and weak ties in such firms differs considerably from predictions in the extant literature (cf. Anderson et al., 2005: 152) especially in an institutional context of a large emerging economy like India.

The business of any industry is influenced by a host of institutional rules that pervade it. Such institutional factors include both formal institutions such as the law and informal institutions such as cultural norms and traditions. In countries like India, one important set of institutions that form an overlapping network is the family network which is tight and pervasive in business life, due to informal traditional, historical factors. In a related vein, the influence of religion and other socio-cultural factors is also present. Therefore, the Indian film production network is heavily influenced by its overlap with family and other socio-cultural networks: as a consequence, network relations in the Indian film industry are gravitating around family cores. The Banyan tree symbolizes this interconnectedness of the different, branches from multiple generations of an Indian family compared to the plain structure of a birch tree describing Hollywood network.

While there are considerable differences between India and other large emerging in Asia, such as China or Indonesia, we see some potentially generalisability due to the common emphasis of collective and family values, as exemplified in the extended Hindu Joint Family. We have shown for the Indian case that 'brokers may not work' (Xiao and Tsui, 2007), not only because their role of bridging structural holes has to be interpreted more collectively in terms of integrators; moreover, the use of bridging, weak ties is used much more rarely with our data suggesting more emphasis on stability than novelty, even in an industry that in western contexts is defined partly through experimentation. We argue that this can be only partly explained by institutional voids (Khanna and Palepu, 2000), a lack of formal institutions like markets, e.g. for talent and scripts. Networks of (extended) family and friends at least partly substitute market institutions like contracts, not for the ailing judicial system that makes contract enforcement difficult if not impossible; but rather because relationships are build first and foremost on trust, reputation and reciprocity - key elements of social capital as defined by Coleman (1988). We concur with Aldrich and Cliff (2003) that the family is an understudied social institution that needs to be brought back to the fore. While we argue that film production in India is a suitable case study, because it is a setting dominated y family- owned enterprises, one needs to get a fuller understanding of the macro institutional environment in order to test established theories Industries around the globe display a number of bipartite networks that constitute the network structure and relations at both social and industry level. In this paper, we studied the setting of film production where one relevant

network type is the production network, which is organized on a project basis with a mix of variety and transaction costs, in order to optimize technological and demand factors. One theoretical implication that is left for future research is how such project-based firms like film producers can be categorized according to their family involvement. In the extended bull's-eye model (Anderson et al., 2005: 136-9) one could place our respondent firms between the tight definition of *family in* and the family jugglers (even though not all film show family involvement, some of the respective firms have words such as 'grandsons' as part of their company names).

One implication for theory that we emphasize, is that qualitative study of social networks that has been brought to the fore recently (Uzzi, 1997; Jack, 2005), is a powerful tool to understand the nature of network structure and relations in family businesses. This is of particular benefit as a tool to comparatively analyze networks in different countries, where both the business realm and the institutional-cultural realm serve as the two parameters that determine the shape of industry networks. Further research is aimed to shed more light on the embeddedness of business networks in family relationships with better quantitative data and refined measurements.

Managerial implications

We investigated the current structure of the Indian film industry not only for its own sake as an industry that is commercially highly successful and attracts a lot of international interest and foreign direct investment by firms that want their share of the pie. We argue that our parsimonious theoretical model is useful to understand market structures and industry networks in both developed and emerging economies. Moreover, we use this case study to investigate a potential shift in emerging markets from relationship-based to transaction-based market forms. The extent to which the film industry can be seen as a mirror of other parts of the Indian economy naturally differs. But in principle, such a transition can be observed more widely which makes this a fascinating and intriguing research project.

Finally, complementing the theoretical implication, the cross-country study of networks also serves as a valuable tool for managers to investigate strategies for market entry by enabling them to analyze the potential to break into the structures of an attractive host country. The main implication is reflected by one of the film producers who said "If you want to come here and do it you will fail, you have to tie up with people to know the mindsets of the people here."

NOTES

1. For illustration, while searches in the Social Science Citation Index (May 2006) yield 4,128 hits for "Hollywood", 598 for "American film" and 103 for "California" and "film", they amount to 61 for "Bollywood", 50 for "Indian film" and 19 for "Mumbai" (or "Bombay") and "film". Of the 61 hits for "Bollywood", 59 are cultural or anthropological publications and the remaining 2 are comments rather than articles or books. (p. 13)

2. The biggest stars are mainly male actors with female stars being somewhat subordinate in the hierarchy due to traditional role model of women in Hindu society, according to which they (are supposed to) retire after marriage. So while there is space for big lead actresses, the time of their lead is more limited than for males. (p. 16)

3. Ideally, we would have liked to study other forms of embedded ties as well. In our interviews we heard over and over again, that relations from neighborhood or college friendships are an extremely important feature of the film industry, at least in Mumbai. Unfortunately, our data does not - yet - allow for an analysis of these non-family based ties.

4. We thank one of the anonymous reviewers for pointing us to this possibility and hence substantiated the process of finding family ties in our sample of top-30 movies. (p. 23)

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APPENDIX: Open-ended and Semi-structured Interview Items

Because many of our respondents had different backgrounds (case study firm/project; industry informant) and hence served a different purpose, we did not always ask every respondent every item from this list. In the following we provide a sample list of questions to industry informants as well as case study-relevant items.

History of Bollywood

Was there a studio system production and distribution and exhibition? When? How did it arise? Was the state involved? Why did it disappear? Was the state involved?

How does the industry function today with the lack of studios?

What is happening now? Will the industry change? Are there majors (what Sony or what ABCL tried to do), or integrated film production houses (Yashraj)? What is holding it back?

Why have music companies and film producers not merged? Why is the Internet not used more by Indian producers?

Will the industry ever be more integrated? Networked model, Indian style, or corporation model, US style?

Finance

How do you raise the money if small? Why still so small? Is the system changing?

What is the role of venture capital and other formal sources now emerging after film became official industry? Is inflow of money from successful individuals in other sectors good or bad?

Are tax breaks still important? How does that work? What is the role of regional discrimination at box office for spread of Bolly movies?

What is the role of film insurance?

Market and distribution

Will multiplexes really bring down the risk, create market even for niche films?

What is the chance the top-flop rate will change?

What is the chance exports will rise? Does competition from other media in India push exports?

Will TV productions become a part of what film producers do?

Is there a role for multi-revenue streams (merchandise, games, etc)?

How do you get the family rating you need from censorship?

Is distribution changing? Are there still many small and fragmented distributors?

How do you choose distributors, contracts, trust?

Stars

How could stars pool the risk of flop films by acting simultaneously, but producers could hardly become bigger?

Why does their star status not reduce even through financial unsuccessful film?

Why is it difficult to form star actors (social networks, family etc)?

Did/ do you think of trying to build 'star' directors?

Do you enhance commitment of employees by giving multi-year/ multi-film contracts?

Technical staff

What is the role of labor unions, contracts, payments?

Is staff retention a problem, given salaries are lower than in, say, West?

Networks

How do you assemble the team and cast for a film project? How do you find people? How get the best director? Best cinematographer, musical director, art director?

How know people can be trusted? What is the role of family and friends' advice, contracts, reputation?

What role do connections/ relationships play and what the market? Are there differences according to type of talent? Are there differences according to firm size, age or stage in the film value chain?

What is the role of professional organizations, such as the Guild or Producer Association, or others? Do you collectively lobby vis-a-vis the government or distributors?

What role do family ties pay? What is the role of linkages over generations and across multi-generational film families?

Are some people hired long-term, some short term?

Are there stable pairs, such as producer/ director, director/ cinema; director/ music?

Production process

What are the typical tasks and stages in a mainstream Bollywood film?

Who gets the idea? Who makes the script? Is there a market for scripts? How important is the script for finance?

What decides the sequence of the production process (finance, casting, music)?

Is it more or less studio-based than Hollywood? Who owns physical studios?

Why are so many firms small and specialised? What is the potential to get big?

Which stages create most problems? Do films take too long to shoot and go over budget? If so, why?

What is the role of speed? Do people work on several projects at the same time?

Which talent does that, and what problems does it create? Why do they work on so different things at the same time?

Who is in control of a project, director or producer?

When a film flops or is not released, who is stigmatized and how? The producer? The director?

Artists need to shift between art and mainstream (build reputation). What about directors and producers?

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