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Uncovering the influences on decision making in the popular music industry; intuition, networks and the desire for symbolic capital

Abstract

This paper uncovers the influences on decision-making in the popular music industry, and especially the role of intuition, network participation, and the desire for symbolic capital. Based on the analysis of interview and observational data from thirty-six respondents in twenty firms and a dataset of forty decisions, we provide evidence of how strategic decisions are being made within music industry micro firms in the USA. Our findings confirm the pattern of strategic decision-making (SDM) modelled by Liberman-Yaconi, Hooper and Hutchings (2010), but adds a new element, symbolic capital, to the model. Our data showed that aggrandisement was used in order to increase perceived status, an important aspect in an industry beset by uncertainty and insecurity. In addition to creating an enhanced model of decision-making in micro-sized firms, the paper also suggests areas for further research.

Keywords: *strategic decision-making, micro-sized firms, recorded music industry, symbolic capital*

I. Introduction

In this paper we report on the influence that symbolic capital has on strategic decision-making (SDM) in micro-sized firms in the popular music industry. We continue the thread of inquiry conducted on micro-sized firm decision-making (Keegan & Rowley, 2017; Verreynne 2014; Jansen, et al. 2013; Jansen 2011; Liberman-Yaconi, Hooper and Hutchings 2010; Howkins 2002) and extend it to a creative and cultural industry whose success factors, and strategic drivers, are very different from those previously researched. The firms that we investigated were mostly based in one region of the USA, and involved in developing and promoting popular trend-driven music. The creative and cultural industries (CCIs) are important sectors within Western economies (Saintilan & Schreiber, 2017; Pratt and Jeffcutt 2009; Hartley 2005; Caves 2000) contributing \$2,250 billion annually and 29.5 million jobs (Lhermitte, Perrin, and Blanc, 2015). Small firms account for over 90% of all businesses in the major western economies, and,

within the creative and cultural industries specifically, micro businesses dominate (Partnership 2006; Pratt and Jeffcutt 2009). However, these organizations are under-researched, as are the creative and cultural industries in general.

Although a significant body of literature has examined the strategic decision-making process in high-tech firms, manufacturers and other specialty SMEs, there is a paucity of research on strategic decision-making in the music industry. The recording, marketing and distributing of popular music is characterized by high levels of risk, accompanied by a low probability for success. The highly trend-driven nature of music carries with it an uncertainty of demand within the marketplace. Managers of music production firms are confronted with the complexities of communicating the value, symbolic as well as practical, of a cultural product like music without ever really knowing what may or may not resonate with audiences at any given moment. When decision makers rely on the subjective interpretation of the commercial potential of a 'good song', tension is created between rational and more emotionally based decision-making processes.

Using qualitative data we identify the subtle and complex nuances involved in strategic decision-making in the popular music industry. The findings presented in this paper provide a contextualized description of the process by putting 'flesh' on to the typically quantitative approaches that have been used previously. It builds on an SDM model first introduced by Liberman-Yaconi et al (2010). This new contribution takes into account the influential aspects of symbolic capital within the decision-making process and makes the role of '*external influences*' within the model more explicit.

This paper is structured as follows. First we review the literature relevant to understanding decision-making in the popular music industry. These include the characteristics

of the industry, a critical evaluation of the strategic decision-making literature especially as it relates to micro- and small-sized enterprises (MSEs), and the cultural, social and resource-based influences on decision-making. We describe our choice of research design and methods based on interview data with owner-managers of twenty-two recorded music industry micro firms and then present and discuss the findings. We finish by drawing out the implications of our study for researchers studying and practicing in this industry.

II. Literature Review

The Popular Music Industry

The popular music industry, by which we mean the selling of recorded music, is one whose defining characteristics include uncertainty of demand, diversity of skills, infinite variety, a limited time in which any new product can be exploited, and massive market uncertainty (Saintilan & Schreiber, 2017; Bilton and Cummings, 2014; Hesmondhalgh, 2012; Pratt and Jeffcutt 2009; Maskell 2007; Bilton 2007). These studies and the characteristics identified suggest that decision-making may be very different in creative industry contexts such as this. Before the recent internet-generated shift in market structure, the industry consisted of a rights-based model of distribution that relied heavily on “mega” hits to generate revenue. This acted to sustain the major record labels’ dominance, and is the reason for the unusual structure of the industry with many small firms and few medium sized and large firms (Gander et al. 2007; Peltoniemi 2015). Along with other CCIs, the popular music industry is characterized by a preponderance of short life, project based organizations, and overlapping networks mediated by intermediaries (Pratt and Jeffcutt 2009; Gander et al. 2007; Lizé, 2016; Lorenzen. and Frederiksen 2005). This model is now moving towards one that focuses more on the ways in

which companies can develop the relationship between content creator (the artist) and consumer (the fan) (Peltoniemi, 2015.; Bilton 2007). As mp3 technology took hold in the 1990s consumers began listening to their recordings through digital media. As a result the value chain shifted to one that enables consumers to gain easy access to music without passing through the majors' distribution channels. These developments continue to shape the power and market structures in the industry today (Hagen.& Lüders, 2017; Hatschek & Bassett,. 2016) as music streaming dominates distribution and consumption models.

Changes in the ways music is created, produced and distributed generates uncertainty for incumbent firms. Added to this are a number other socio-economic contingencies that are specific to many CCIs, which influence firms' performance and therefore turn decision-making. Firstly, there is an oversupply of creative works that is independent of economic cycles (Peltoniemi 2015; Hesmondhalgh 2002; Throsby 2001); too many artists chase too few consumers. Secondly there is a wide differential between the vast majority of music product that barely recoup their costs and the very small percentage of works that break out or 'catch the wind' (Gander and Rieple 2002). Thirdly, demand patterns in the music industry that are driven by consumer tastes for aesthetic rather than functional value, are highly variable and difficult to predict (Caves 2000), exacerbated by the herding behavior of consumers (Kirman 1993). These three factors mean that the choice of which artists to promote requires considerable skill on the part of music firms, and/or considerable luck, alongside a sensitivity to trends and the ability to acquire trend knowledge. A constant feature of the music industry as a consequence is over-production, and a requirement for deep resources and sources of reputational and financial capital that will allow lean times to be survived.

The ability to thrive in this context requires attributes that are different from the technology firms typically researched in innovation studied in for example, the *Lieberman-Yaconi* et al. (2010) model that we discuss later in this paper. One of the most important of these is the ability to network with other firms, sometimes in different industries, in order to gain access to complementary trend knowledge (Bilton 2007). Music trends are often associated with parallel developments in other sectors (the punk genre, for example), and cross-fertilization of ideas means that those with better knowledge networks can develop more successful products (Bilton 2007). Credibility and reputation are important assets, both individually and at an organizational level, and are crucial to encourage new artists to work with a firm (Hesmondhalgh 1998). The monitoring systems typically applied to new product development processes found in other industries are of little use when applied to the ambiguous and intangible process of music production. In fact, Ghoshal and Moran (1996) suggest that any attempt to impose control over the process can have the opposite effect and actually increase un-collaborative behavior. In the pop music industry the capabilities required to successfully identify, secure and then develop new musical talent, due to the process's social complexity and causal ambiguity, are some of the most important things a firm needs to have; these are possessed by few firms and can count as strategic resources (Teece et al. 1997; Barney 1991; Haberberg and Rieple 2007; King and Zeithaml 2001). How some firms develop such resources, while others do not, is not well understood. But the attempt to acquire these resources is the basis for many music firm's' strategic decisions (Schreiber 2014).

The Prominence of Symbolic Capital and Power

Such capabilities and attributes are a fundamentally important aspect of success in the recorded music industry, but research on how they come about is relatively sparse. In order to address some of these issues, we draw on Bourdieu's theorizing on habitus, field and capital. *Habitus*, refers to the “*systems of durable, transposable dispositions*” (Bourdieu, 1977, p. 72), which pertains to our personal history and present influences that shape who we are today. The *field* is a setting in which actors and their social positions are located: for the purposes of this paper, the field is situated within ‘*cultural production*’, which also exists within the field of ‘*power*’. *Capital*, is an actor’s position within the field that extends beyond economic capital. For example, symbolic capital, defined as the possession of prestige or recognition, and which provides the means of defining the cultural norms in the field, is an important source of power in this industry, underpinning both the ability to attract new artists and negotiate favorable deals with suppliers and collaborators. This form of capital, in contrast to many of the others identified by Bourdieu, comprises a subjective form which contributes to a shared meaning of value and prestige that in turn leads to other forms of power. In the music industry the Billboard charts, and/or the Grammy or Dove awards, award some of the highest levels of symbolic capital to the musicians that appear on them (Schreiber, 2014). These awards are transformed into other bases of power in a number of different ways: they form a sense making structure (Weick, 1995; Hadida 2015) that shapes both current financial performance and future earnings' potential through a social contagion effect (Keuschnigg 2015; Kretschmer et al., 1999; Rindova et al., 2006) that influences consumer behavior as well as the behavior of other firms in the industry; they act as an ‘instrument of knowledge and communication’, indicating to others that the firm is actively involved in developing and promoting a particular genre; and subjectively they indicate,

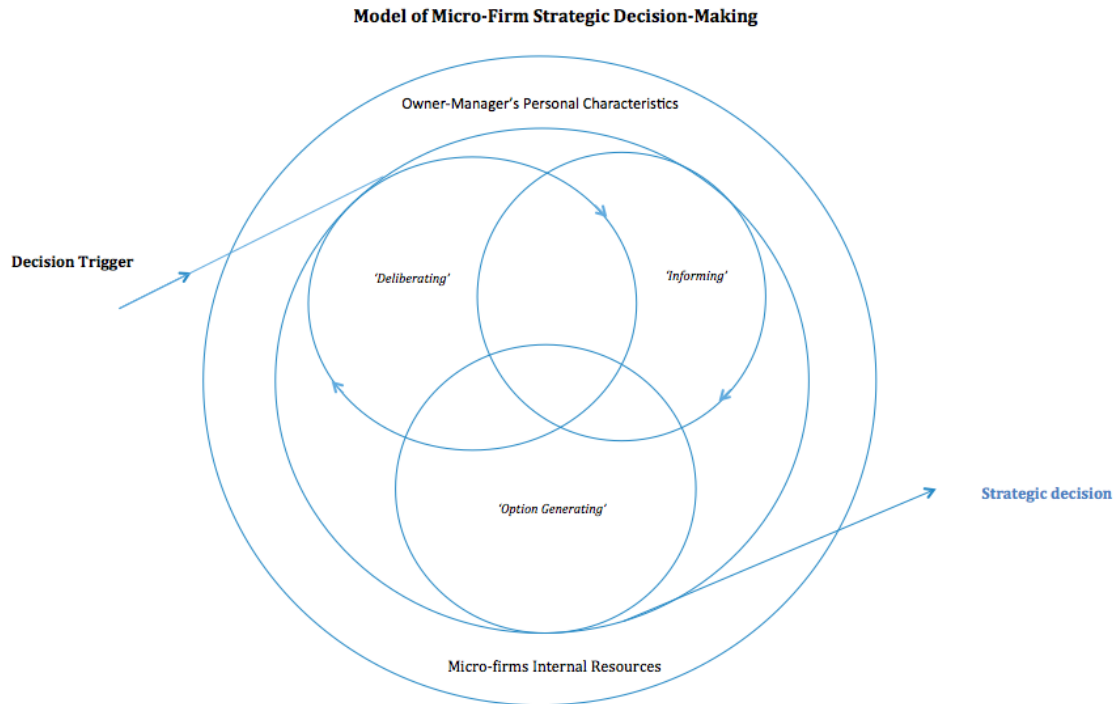
through what they represent in terms of repute, the opening of future opportunities. This symbolic capital provides ‘consensus which contributes fundamentally to the social order’ (Bourdieu and Thompson 1991 p. 166), acting as ‘structuring structures’. However, little research has examined the role of symbolic capital on this process in the music industry.

Strategic Decision-Making

Recent understanding of strategic decision-making has moved away from regarding it as a top down, externally focused and calculable process, to a much greater recognition of the emotional, competency or heuristic-based aspects of the process. Past experience (Beach and Lipshitz, 2017; Juliusson, et al. 2005), personal biases (Blank, Nestler, von Collani and Fischer 2008; West, et al., 2015; Toplak and Stanovich 2008) and heuristics (Bang, Fusaroli, Tylén, Olsen, Latham, Lau, and Bahrami 2014; Artinger, Petersen, Gigerenzer, and Weibler 2015) have all shown to be key influences on how strategic choices are made.

In undertaking this study we draw on Liberman-Yaconi, et al. (2010) who developed a model of strategic decision-making in micro firms based on organizations from the Australian technology sector. In this model, the authors discuss an ongoing process from decision trigger through to the decision being made. In particular, they found that SDM in these micro-firms relied heavily on intuition and bounded rational behaviors, that information gathering happened passively and most often externally and that it cycled through different phases such as information gathering and interpretation. And although the model helps to understand the actions and objective characteristics of the process, it does not account for the more subtle influences of power (*See Figure 1 below*).

Figure 1 - SDM Model



Liberman-Yaconi, L., Hooper, T., and Hutchings, K. (2010). Toward a Model of Understanding Strategic Decision Making in Micro Firms: Exploring the Australian Information Technology Sector. *Journal of Small Business Management*, 48(1), 70-95.

Hendry (2000) identified three perspectives on strategic decision-making; the rational, action and interpretive. The rational perspective is ostensibly objective and goal oriented; strategic decisions are deliberately made with subsequent actions implemented clearly and decisively. The action perspective tends to be emergent, and depends more on the interactions between the decision-maker and evidence that he or she discerns in the environment. The interpretive perspective is a socially constructed process that comes about as a consequence of cognitive processes; decisions are “retrospective rationalizations of prior actions necessary for individual and collective sense-making” (Hendry 2000) and include limitations caused by bounded rationality (Eisenhardt and Zbaracki 1992). Considering that the predominant organizational structure in the music industry is the SME (Partnership 2006), and that their managers lack both academic training and the resources to implement the more formal, rational,

planning methods (Teirlinck and Spithoven 2013; Schreiber 2014), their decision-making processes are likely to be less formal and more intuitive in nature.

Studies in other industries have also looked at the differences in the ways that decisions are arrived at between small enterprises and larger firms. De Jong (2004) found that those managing small enterprises tend to rely more on heuristics in decision-making than those in large firms. Busenitz and Barney (1997) also found a link between the use of heuristics in decision-making and innovativeness, an approach that they claim is most effective in “conditions of environmental uncertainty and complexity;” characteristics that are hallmarks of the popular music industry (Juliussen, Karlsson, and G rling, 2005). Given these findings, the environment of the decision-maker, their previous experience, the specific characteristics of the field and interactions between these elements are likely to influence the type of decision taken and the way that it is chosen.

III. Research Design and Methods

This paper describes a study of decision-making in popular recorded music firms. A total of forty decisions from twenty firms were selected to be examined in depth. Two decisions from each firm were chosen as it would help to identify the specific influences on the different types of decision, rather than the more generic influences on the firm (Hickson et al. 1986; Dean and Sharfman 1996) (*Table 1*). All decisions had to have been taken within the past two years although each were in various stages of execution with some outcomes already known by the decision-makers. Huber and Power (1985) found that moderate amounts of time did not substantially affect the recollection or practice surrounding the decision, but Golden (1992) suggested that those accounts greater than two years old tend to be remembered more

inaccurately, and it is Golden's more conservative approach that we have adopted. Understanding that the decisions' varying degrees of completeness and success may result in recall bias (Weick, 1995) compensation was made whenever possible by interviewing multiple individuals involved in the decision. In addition to compensating for recall bias, using multiple individuals and their perspectives helped to mitigate discrepancies and provided more detail.

Thirty-six respondents were interviewed over a one and a half year period; each interview lasted between 45 minutes and two hours. At the outset, an initial interview was conducted with the owner-manager of each case organization to identify what he or she considered to be a firm-specific strategic decision. Instead of imposing a definition of 'strategic' upon the interviewees, the owner-manager was asked to identify a 'major' decision. Subsequently, if the owner-manager identified other employees and/or stakeholders, they were also interviewed. Further data were captured through observations of the companies' offices as interviews were typically held in their premises. An additional twenty pages of observation notes were made. Company websites and social media sites were analyzed to add context, as were trade journals such as Billboard and MusicRow. These provided additional details of people, places, chart positioning, awards and other pertinent data discussed or mentioned throughout the interviews.

All interviews were transcribed and entered into NVivo qualitative data analysis software for easier organization, manipulation and retrieval of the data. A thematic analysis protocol was used to identify key words and themes that emerged from the literature review added to those emerging from the interview data. A total of one hundred and twenty-two categories were identified, of which forty-eight emerged as the most important. This judgment was based both on the numbers of instances identified and their relative importance to the companies involved.

Four decisions from four different firms are discussed in this paper (*Table 2*). These were chosen as representing common strategic initiatives within the recorded music industry. For example, the selection of an artist portrayed in decision #4 was identified as a ‘strategic’ decision by six owner - managers (i.e. sixteen percent of all decisions). They were also the most frequently discussed in our data. As such they allow the most descriptive and insightful evidence to be presented.

Table 1 – Major Decisions Identified by Owner-Manager

Recorded Music Industry Micro-sized Firms	
Business Type	Major Decisions Identified by Owner-Manager
Entrepreneur, Public Relations, Marketing, Social Media	Payroll Decision, Project Acquisition
Event Production	Client Acquisition, Firm Expansion
Music Company (Record Company, Music Publishing, Artist Management, Booking and Consulting)	Radio Promotion Strategy, Expansion and Diversification
Singer-Songwriter	Marketing & Promotion, Team Expansion
Music Publishing	Talent Selection, Administration Software Acquisition
Digital Media - Social Media Marketing Firm	Client Acquisition, Firm Relocation
Record Label	Company Buy-Out, Talent Selection
Artist Manager, Consultant, Coach	Firm Relocation, Talent Selection
Recording Artist	Team Expansion, Contract Signing
Entertainment Attorney	Firm Location, Expansion
Music Producer	Studio Expansion, Project Acquisition

Entertainment Attorney	Private Practice, Client Acquisition
Recording Engineer	Ethics Decision, Equipment Purchase
Artist Manager	Label Signing, Talent Selection
Songwriter	Co-write, Equipment/Studio Purchase
Artist Manager	Payroll Expansion, Expansion & Diversification
Entertainment Attorney - Manager	'Pro-Bono' choice, Expansion
Recording Studio, Producer, Songwriter	Firm Location, Joint Venture
Booking	Talent Selection, Expansion & Diversification
Music Marketing, Business Development	Talent Selection, Social Media Strategy

Table 2 – Selected Decisions

Decision	Firm
1. Expansion and Diversification	Kapooshki Music*
2. Marketing and Promotion	Cisco Newman
3. Firm Relocation	Bench Puppet Entertainment
4. Talent Selection Decision	Hat Punk, LLC

**Pseudonyms have been used to provide confidentiality for the firms and participants in this study. These are not the companies' real names and any resemblance to real organizations is coincidental.*

IV. Results

The findings in this study add insights to the propositions put forward by Liberman-Yaconi, et al. (2010) in respect of micro firms' decision-making, including the “*prominent use of bounded rational behaviors or intuitive patterns*” (p. 82), that “*data gathering would be mostly passive and happen externally*” and while the process itself is often iterative or non-sequential “*cycling through phases such as gathering and interpreting information*” (p. 85). In addition, we identify an important aspect of decision-making that Liberman-Yaconi et al. do not identify, namely the desire to acquire and maintain symbolic capital.

Decision #1 - Example Evidence

Decision #1	Business (es)		Firm Habitus	Owner-Manager Habitus
Expansion and Diversification of Firm	Kapooshki Music – Record Label, Music Publishing, Booking, Artist Management		Christian Label and Values motivated by honesty and fairness	Committed to learning and education, strong family values, “Willing to take risks”, “I have a visionary strategy”, “I want to be part of a team”. “I like to surround myself with staff who are more detail-oriented”. Age: 34 Ethnicity: Canadian Gender: Male Education: J.D., B.A., B.S.
	Turnover: \$750,000 Annually Employees: 7			
Evidence				
Micro-Firm Internal Resources	“This one I talked actually a fair bit with Susie.”		“Phillip the attorney where we analyzed it because we came to a point where we created a graph”.	
Symbolic Capital Relational and Associative Power, Prestige	“Why turn them all into separate entities? One, because credibility with those labels in Nashville and other companies, like it was all just one - my Mickey Mouse music company they wouldn't take it very seriously”.		“it looks like it is connected to Kapooshki and has the prestige”.	“...it looks small if you are this music company who says we do all these different things. And who do you represent, nobody famous”. “You'd look small...so you are a management company but you also do booking and you also do label, you must not be very good”.
Micro-Firm External Resources	“...there definitely is building up network when it's their agency booking 100 shows for us and we go down the list and we say we have only known 20 of these promoters. Lets take the other 80 and send our other band their way”.			“I've talked to the people involved with the studio itself...I asked them a little bit of their input”.
Influences	Past Experiences, Anchoring and Adjustment Heuristics, Intuitive Behaviors, Aggrandizing			

Decision #2 - Example Evidence

Decision #2	Business (es)		Owner-Manager Habitus	
Marketing and Promotion	Cisco Newman – Independent Singer/Songwriter		“I don't do anything really swarmy [unethical] at all. People should base their decisions on what they value, not what they put in front of you...” “I know what I know”	Strong sense of right & wrong, modest, conscientious, fiscally conservative Age: 33 Ethnicity: European Caucasian Gender: Male Education: B.A.
	Turnover: \$35,000 Annually Employees: 1			
Evidence				
Micro-Firm Internal Resources	“I didn't have enough money to make a full-length record”.		“...just basically the amount of money I spent on making records in the past, the amount of money I had”. “it doesn't hurt that I've done this before...my most successful record was an acoustic record I made in a day for \$200”.	
Symbolic Capital Relational and Associative Power, Prestige	“Those kind of things are like pipe dreams where everyone wants to work with a big producer”.		“we are playing at xyz venue and opening for this ABC artist. It shows that we are building something we have something going on”.	“Because it's validating...you want to be associated with that success”.
Micro-Firm External Resources	“At this point I already knew what I wanted to do, but it was good to hear it from someone else I trusted too”.			“So and so worked on my record” ...that could be just enough for people to buy my record that wouldn't have before”. “Yeah, it's a weird double-edged sword [being a DIY artist]...at the same time you still want to appear like you've got enough going on that it's a viable business”.
Influences	Past Experiences, Anchoring and Adjustment Heuristics, Intuitive Behaviors, Aggrandizing			

Decision #3 - Example Evidence

Decision #3	Business (es)	Firm Habitus	Owner-Manager Habitus	
Firm Relocation	Bench Puppet Entertainment, LLC – Social Meeting Marketing Employees: 3 Turnover: \$80,000 Annually		<i>"Driven and confident"</i> disposition, takes <i>"pride in his work"</i> , can be considered <i>"stubborn"</i> . Age: 25 Ethnicity: Sicilian-American Gender: Male Education: B.M. – Music Education	
Evidence				
Micro-Firm Internal Resources	<i>"We couldn't be in a single fold-out table anymore. We needed more space..."</i>	<i>"I was like...\$500, I'll take it."</i>	<i>"Having an understanding the real estate market certainly helped".</i>	<i>"Now luckily we had money. Here's a preface to all of this, I did great this year, but this past year we tripled our gross, so we had money".</i>
Symbolic Capital Relational and Associative Power, Prestige	<i>"It had to be 'music row', it had to be Brentwood, it had to be Bradley parkway. Otherwise there was no use."</i>	<i>"Yeah, it increased productivity, and having a different aura around us. We are much more legit in their eyes now".</i>	<i>"What comes with 'music row- those five streets mean so much".</i>	<i>"Everyone thinks 'music row'. My old boss came to me on 'music row' offices and said "congratulations you are on 'music row'. I am like, thanks, I don't think it's that big of a deal. He said, "I understand that, but everybody else does. When you finally get to 'music row' they think holy shit you made it".</i> <i>"Giving off a cool vibe or certain level of success or...having the posh office space".</i>
Micro-Firm External Resources	<i>"On Craigslist, about 2 days before we had to move in, I saw this one"</i>			
Influences	Firm Aggrandizement through business cluster association, Analytical and Logical behaviors, Price-Quality Heuristic, Intuitive Behaviors			

Decision #4 - Example Evidence

Decision #4	Business (es)	Firm Habitus	Owner-Manager Habitus	
Talent Selection Decision	Hat Punk, LLC – Record Label and Music Publishing Employees: 3 Turnover: \$1,000,000 + Annually	<i>"Seasoned professionals". Well known for fair deals and "risk sharing" with talent... 'Philosophy of relationships".</i>	Committed to learning and education, strong family values, known for "authenticity". Age: 51 Ethnicity: European Caucasian Gender: Male Education: B.A. – Radio, TV & Film	
Evidence				
Micro-Firm Internal Resources	<i>"I would say industry knowledge, relationships, and capital...then strategy".</i>	<i>"I would say there's no substitute for experience when it comes to that".</i>	<i>"After eight years...I think I trust Jeff, I trust his vision. I trust the leadership".</i>	<i>"Yeah, there is a gut feeling because there have been songs that I thought would be absolutely huge and the radio said absolutely no way, and so I was wrong, we were wrong".</i> <i>"you just know when it's great and it will be a good fit".</i>
Symbolic Capital Relational and Associative Power, Prestige	<i>"...it's business to business. It's managers talking to labels; it's producers talking to managers talking to labels. Its attorneys talking to you know. Most of the things we have worked with have come from some kind of referral. Even if it's an artist saying you should check out this other artist."</i>		<i>"when I hear the right thing, I will know it"</i> <i>"I have a big enough ego that I think what I like, I think everyone else is going to like too".</i>	
Micro-Firm External Resources	<i>"We often consult the charts" "... yeah it's very key. I will slide up to Sacramento where one of the larger radio networks is located, KLove. It's very important ...we have a strong relationship with them too"</i>			
Influences	Past Experiences, Heuristics as a Value Judgment, Personal "Taste" and Bias, Intuitive Behaviors, Trust			

Bounded rationality

Of the boundedly rational behaviors, the use of past experience played an important role in many of the decisions. *“I would say there’s no substitute for experience when it comes to that”* or *“the fact that we’ve done that before doesn’t hurt”* shows that the owner-managers are aware they are influenced by the past. The owner-manager’s reference to *“no substitute for experience”* demonstrates the value that he places on past experience and the belief that more effective decisions can be made because of it. Past experience increases confidence in the decision if a desired outcome was the result in a previous decision (Juliusson, Karlsson, and G rling, 2005). When Cisco Newman, a singer-songwriter from the Southeast United States, released his new CD, he was confronted with the choice to record a full-length album (10-12 songs), or a shorter ‘EP’ (3-5 songs). His concerns centered on how he would be perceived as an artist if he distributed what he felt was an ‘inferior’ product with fewer songs and whether he could afford the costs involved with what he felt would be a ‘superior’ longer form album . A previous release decision led Cisco to feel that *“it doesn’t hurt that I’ve done this before...my most successful record was an acoustic record [full-length] I made in a day for \$200”*. The outcome of this release gave him the confidence to believe he could release another great album with limited funds, even though this new project would be fully produced and cost a great deal more to record.

Additional bounded rational behaviors, including intuition, heuristics and bias, were also prevalent when making decisions, confirming Liberman-Yaconi et al.'s (2010) findings. Intuition is traced through the habitus and is often found in the form of ‘gut feelings’, ‘hunches’ or ‘instinct’ (Negus 1992; Stratton 1982). Seifert and Hadida (2009; 2006), in their work on talent selection decisions, were able to demonstrate the use of expert ‘intuitive’ decision-making. In an

example from our data, the owner-manager of *Hat Punk* described an intuitive process in which he 'felt' a song would be successful - based on what he has seen, heard and experienced with music and market success prior to the decision. Even though intuition often plays a prominent role in creative decision making and talent acquisitions within Artist and Repertoire (A & R) departments in record labels and music publishing companies, it isn't always an effective heuristic, Vice President of *Hat Punk* stated: *"Yeah, there is a gut feeling because there have been songs that I thought would be absolutely huge and the radio said absolutely no way, and so I was wrong, we were wrong" OR "you just know when it's great and it will be a good fit"*. Even with mixed results, the use of intuition is used and relied upon to synthesize the decision-makers understanding of the cultural relevance of potential new acts and what they think may or may not be successful.

External data gathering

Furthermore, *external data gathering also occurred passively* through external advisors and professional networks:

"...it's business to business. It's managers talking to labels; it's producers talking to managers talking to labels. Its attorneys talking to you know. Most of the things we have worked with have come from some kind of referral. Even if it's an artist saying you should check out this other artist".

Actor's seek outside advice and rely on opinions of their networks to aid in their decision-making. An individual's contact can act as a gatekeeper to the decision-maker when certain decisions are being considered, as in the case of the evidence from the artist acquisition for the record label. Furthermore, these advisors are used when boundedly rational patterns emerge and are relied upon in the decision-making process. Seeking advice from other managers, booking agents or executives in a label reinforces the decision-makers position or enlightens them on

matters that they may be biased. External networks can act as a risk mitigation tool in light of the limitations brought upon by the use of bounded rational decision-making patterns.

The industry characteristics of uncertainty, risk mitigation, unlimited supply and an artist's close affiliation to their creative outputs (Saintalin & Schreiber, 2017; Pratt & Jeffcut, 2009; Caves 2000) encourages the decision-maker's reliance upon quick decision-making rooted in boundedly rational behaviors. The uncertainty in these decision choices is often mitigated by wide input from close internal colleagues and resources outside the firm, all in the name of risk management. This process of gathering and interpreting information is ongoing until the decision is ultimately made, supporting Liberman-Yaconi's idea that micro firms *cycle through phases such as gathering and interpreting information*.

When the owner of Kapooshki Music was deliberating about his decision to legally expand the firm, he developed an analytical tool that would help him in organizing the implications of his decision: "*Phillip the attorney...where we analyzed it because we came to a point where we created a graph*". He collected information, graphed it, interpreted the information and continued doing so until he felt it adequate to help him make a decision. This was also evident in Hat Punk, LLC's decision-making regarding the promotion of new album releases as the VP of promotion describes.

'We often consult the charts' "... yeah it's very key. I will slide up to Sacramento where one of the larger radio networks is located, KLove. It's very important ...we have a strong relationship with them too".

Consulting radio chart positions of their artists in a given week aids in determining whether further resources should be allocated to promoting a song; determining the song's trajectory on the chart is a continuous and iterative process of information gathering and interpretation. If more attention is needed, the VP of promotion will make a more aggressive push to have the

song become a larger priority for the radio station by visiting its program directors. This visit will further aid in determining whether resources should continue to be devoted to its promotion. This continuous loop of information gathering and interpretation suggests the highly interactive and iterative nature of the process, feeding in to deliberating, informing and option generating (Lieberman-Yaconi, et al., 2010).

The role of symbolic capital and aggrandizement

However, what is missing within the decision patterns identified by Lieberman-Yaconi, et al. (2010) is the role of symbolic capital. Our evidence suggests that owner-managers in the popular music industry make strategic decisions with the purposeful intention of acquiring more symbolic capital, or at the very least maintaining the amount they possess. Our data shows that symbolic capital was associated with the practice of ‘aggrandizement’ - of the self *and* the business - and defined as to make greater in power, influence, stature, or reputation, or to appear greater, or to exaggerate. This was done to establish a sense of legitimacy in the industry and to be perceived by the ‘receivers’ of such behavior as someone who is established and capable of doing business. The need to acquire or maintain symbolic capital was a critical element in each of the option-generating, data-gathering and deliberating aspects of the decision-making process. In one decision, the owner of Kapooshki Music felt he needed to expand and diversify his company into separate legal entities rather than just adding functional departments under the corporate structure that currently existed:

Why turn them all into separate entities? One, because credibility with those labels in Nashville and other companies, like it was all just one - my Mickey Mouse music company they wouldn't take it very seriously.

The appearance of being ‘legit’ or credible - was an especial priority for the owner-managers who had not yet accumulated the symbolic capital they desired. Those firms that had

yet to achieve prominent levels of experience or networks like Cisco Newman, Kapooshki Music and Bench Puppet Entertainment, all felt compelled to do this in order to be seen as a legitimate musician or company with which to do business. Kapooshki's attempt to be seen as a bigger firm by setting up separate legal entities was the organizations way of trying to shift the perceived power relations, or in a sense, level the playing field. He wanted the same opportunities to conduct business as someone with an established reputation. His rationale could not be more deliberate and his choice would enable him to be seen by others as a viable person with adequate resources that could lead to a mutually beneficial partnership.

In Cisco's album format decision, aggrandizing was also present and served two purposes; one, for credibility among fans and colleagues and two, to aid in differentiating himself among other artists vying for recognition in the field. Cisco felt that by releasing a full-length album over an EP, he would be taken more seriously and could demonstrate a greater sense of stature among those who could influence his career. Fan engagement has the potential to increase loyalty, which can turn into support both emotionally and financially for the artist. If this perception carries through to others in his field, they too are more likely to become an arbiter of his career. Choosing between a full-length album and an EP could have this impact.

"Yeah, it's a weird double-edged sword [being a DIY artist]...at the same time you still want to appear like you've got enough going on that it's a viable business".

It is important for aspiring artists to be seen as 'viable' and not just an everyday musician that has starry-eyed dreams for success. They want to be perceived as talented, hard-working with a message to be shared and valued among fans and the general public. Their decision-making is influenced by this and will often go to great lengths to avoid a perception of 'just another artist', as he goes on to state:

"we are playing at xyz venue and opening for this ABC artist. It shows that we are building something we have something going on".

Here, aggrandizement manifests itself in the choice of venue and artist's in which they will perform with. The specific club may have a reputation for only allowing artists with a strong fan base or who can draw a certain crowd when performing, while a specific artist may already have a certain stature. If you are able to play with ABC artist, '*you must (emphasis added) have a lot going on*' and therefore be worth going to see. Deciding to play specific venues or to play with certain artists helps to reinforce this perceived image and reinforces the role that symbolic capital plays in the SDM process.

V. Discussion

In addition to measuring our data against other research that investigates decision-making in these types of enterprises (Kearney et al 2013; Greenbank 2000), we build on the model of micro-sized firm decision-making introduced by Liberman-Yaconi, Hooper and Hutchings (2010) in their exploration of the Australian information technology sector. Much of our data confirms previous research into micro firms such as: 1) the widespread use of boundedly-rational, intuitive, decision-making processes 2) a dependence on passive data gathering processes using external knowledge resources; and the 3) iterative and non-sequential phases of gathering and interpreting information. However, we have also found factors that no one else appears to have identified and which appear to be peculiar to the popular music industry. Specifically we identified: 4) the important role of symbolic capital and the use of aggrandizement in decision-making. We examine these in turn in the following sections.

The widespread use of boundedly rational, intuitive, decision-making processes.

As previous research has found (Lussier and Sonfield, 2015; Kearney et al., 2013; Liberman-Yaconi et al., 2010) bounded rationality was a central part of the micro and small enterprise

decision-making process in our cohort. Past experiences were drawn upon to shape current decisions, albeit not always successfully, and intuition and 'gut feel' were often used instead of a more considered, or analytical, process.

We explain this in a number of ways: firstly the nature of small firms means that time and resources are not available for formal planning procedures to be instigated (Blackburn et al., 2013) meaning that cognitive heuristics, strongly emotional personal memories and biases dominate (Lerner et al., 2015; Kahneman 2011; Gilovich et al., 2002; Tversky and Kahneman, 1974). Secondly, music industry personnel tend to prefer informality (Kealy, 1982) and speedy decision-taking; and thirdly, the trend-driven and constantly changing nature of the industry makes planning as found in other types of sector (Mintzberg, 1994) almost irrelevant (Bilton and Cummings, 2015).

As we saw in the case of Hat Punk, the use of gut feelings does not always result in successful outcomes, even though our data and experience suggest that it is endemic in the industry. The strongly emotional memories of past experiences, in an insecure business, can be an especially powerful influence on behavior (Loewenstein et al., 2003; Kahneman, 2011; Kahneman and Frederick, 2005). If the outcome from a similar decision in the past was positive, then the likelihood of 'gut feel' decision-making in the same direction increased, even though it may not be appropriate for a new situation. In a fast changing industry, emotionally charged reliance on past success may be a poor guide to future success.

Passive data gathering processes using principally external resources

We discovered that the use of external networks and other resources play an important role in music industry micro firm decision-making as well. Having an established set of external resources enables the decision-maker to have better access to the artists who are perceived to

have more commercial potential. When “*agents are talking to managers and managers are talking to labels*”, this creates an assumed and unspoken barrier to entry - one that is difficult to penetrate without participation in the network. In the music industry, being able to understand what will be the next 'big thing' is a critical factor underpinning the success of an artist or a record.

It is also the industry's way of filtering out the 'unlimited variety' of talent and artists that want to acquire the prestige associated with working in the industry or being signed to a label. The close, intricate network that *is* the social capital that a cultural intermediary possesses in this field (Hesmondhalgh, 2006; Zwaan and ter Bogt, 2009) is often is a determining factor in an artist's signing of a record deal. The attributes of the field in which these decisions are made can increase an actors' reliance upon cognitive-based decision patterns and emphasizes the importance of external influences upon the process. Understanding this value encourages the owner-managers of these firms to collect data from external resources that will aid in decision-making. Although Liberman-Yaconi, et. al. (2010) discusses the importance and prevalence of passive data gathering from external resources, we suggest that they do not adequately account for it within their model. Our proposed amendment to the model takes this into consideration (*Figure 2 below*).

Iterative and non-sequential phases of gathering and interpreting information.

In order for the decision-making process to be initiated, the actor must first recognize a need to take action on a trigger or decision to be made; this could come internally or externally and may not be recognized as important for the future of the firm. Once the process is put into action, as the Liberman-Yaconi, et al., (2010) model (*Figure 1 above*) indicates the 'informing', 'option generating' and 'deliberating' go into effect and may be cycled through until a decision

is made. This insight is accounted for in our refined model as well, as the three interlinked components cycle through the information received by the actor from forecasting, external advisors or internal consultants. This creates an ongoing feedback loop by which the owner-manager is at the center of the decision-making process. The disposition of the decision-maker thus influences this iterative cycle along with the firm and industry.

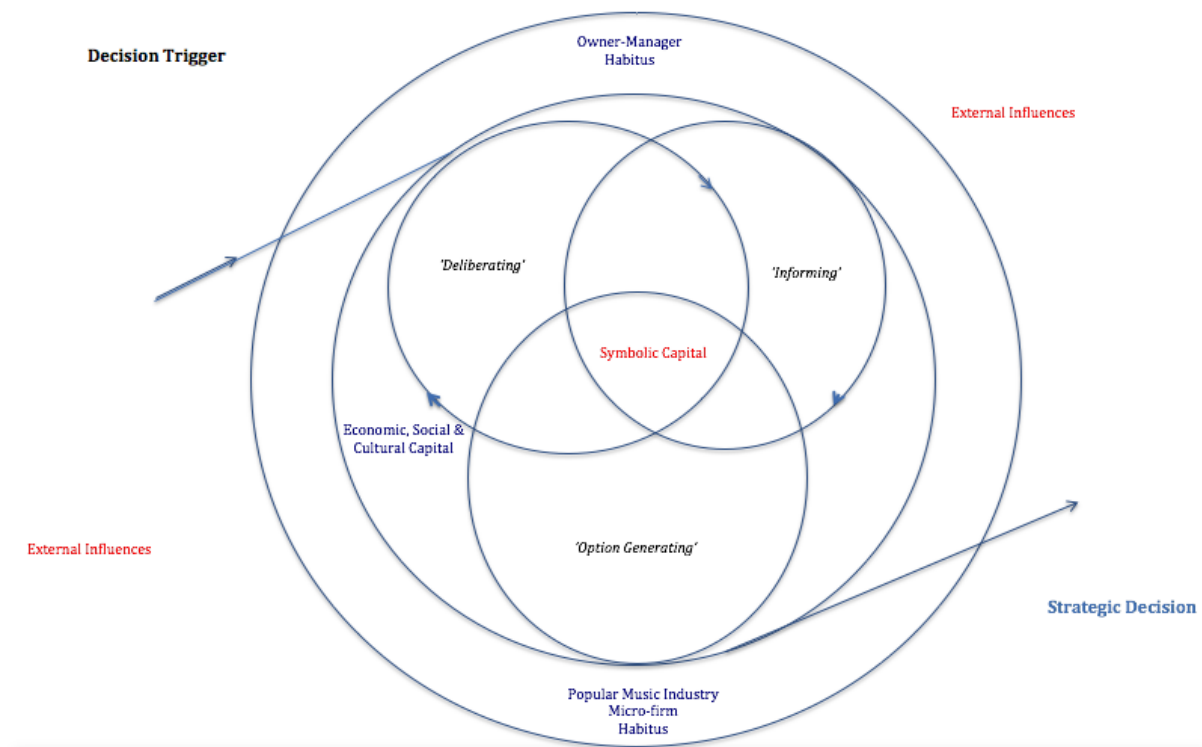
Within this field, however, the habitus takes into consideration the level of accumulated and potential increase in symbolic capital that this decision could jeopardize or increase. Aggrandizing compensates, at least temporarily, for that lack of power, recognition and positioning within the field. Once this has been determined as a viable or necessary factor of influence for the decision, the habitus continues through the iterative cycle of ‘option generation’ and ‘deliberation’ until a decision is made.

The role of symbolic capital and the use of aggrandizement

The desire for recognition by decision-makers in the recorded music industry can be explained by symbolic capital, and achieved through its accumulation, or the perception of its acquisition. *Figure 2* models this and its role in the iterative cycle of information, deliberating and option generating. As our evidence demonstrates, if symbolic capital has not been acquired, the decision-maker will go to great lengths to leave a perception that it has been acquired through the use of aggrandizement. As the ultimate acquisition of power for the decision-maker, symbolic capital must therefore be placed center of the SDM process and is such modeled in this

way.

Figure 2| Strategic Decision-Making Model for Popular Music Industry Micro-Firms



Aggrandizing creates an illusion of having greater social and symbolic capital. This idea of an inflated self, has an intimate connection between the habitus, field and capital one possesses. Because symbolic capital is ‘accumulated prestige and power’ that ‘contributes fundamentally to the social order’ (Bourdieu and Thompson, 1991), the decision-maker’s motivation to inflate his position, or the micro firm that they own or manage, is seen as a way, by them, to be an active player in pursuit of the higher social order, without actually possessing the amount of capital that would be expected. The imbalance of capital that was representative of the need to create separate legal entities was a tactical way to create a horizontally integrated synergy that would help establish contacts within these other business sectors while establishing

the perceived credibility with the others. It was also used to offset the lack of knowledge that Joe recognized as a deficiency. He could learn from the other businesses by establishing contacts to assist in this education.

This attempt to offset the lack of transformable capital and be seen as a company with which others want to do business also manifested through company location. Moving to the highly symbolic 'Music Row' allowed the firm to achieve an elevated perception of the business by industry players; insecurity and a sense of uncertainty was disguised as pride, leading to an enhanced sense of self-worth as well. Psychologists have suggested that people with positive self-illusions tend to be better off (Taylor and Brown, 1994; Pirinsky, 2013; Biggane et al., 2016; O'Mara and Gaertner, 2017) as it promotes psychological well-being (Kleinke and Miller, 1998), as well as "higher motivation, greater persistence, more effective performance and ultimately, greater success" (Taylor and Brown, 1988, p. 199) in a deeply insecure industry. In the music industry, reputation and status can be fleeting and can lead to 'misrecognition in which power relations are not seen for what they are but are interpreted in a way that is seen as legitimate' (Gunter, 2002). The attempt to aggrandize the firm or oneself is an attempt to shift the perceived power relations. Actors desire the same opportunities to conduct business in the field as someone who has accumulated greater amounts of symbolic capital. If certain levels of capital have been achieved then maintaining that level is in order for that firm or person. Upholding this position and recognition within the field is done through a past perspective lens – one that uses the coveted symbolic artifacts given to those who have achieved the agreed upon levels of capital deemed to have reached 'success.' It is no longer explicit, it becomes implicit yet is still needed to hold onto the power that has been achieved. Ultimately, the amount of capital one is perceived to possess within this field influences the way in which another perceives.

VI. Implications for Other Contexts, and Suggestions for Further Research

As in many interpretive studies, generalizing claims from the findings to other industries can be problematic; nevertheless, we do believe that similar principles could be drawn if comparable conditions exist. The unpredictability of success, the high risk, low success rate and the infinite variety of available product (Caves 2000; Hesmondhalgh 2007) are characteristics of the music industry that are shared with other creative and cultural products such as video games, television or film. The shared characteristics of these industries lead us to suggest that they are characterized by high amounts of symbolic capital and decision-making processes within these industries may be similar for the owner-manager of the micro-sized firm.

Furthermore, as this study focused on micro firms within the popular music industry – one segment of the broader category of small- to medium-sized firms - there is an opportunity to study whether larger firms in this sector make decisions in a similar way. The amount of internal and external resources, along with the accumulated symbolic capital that an individual or firm has acquired may reduce the need for aggrandizement, although our industry knowledge suggests not. Differences in strategic decision-making processes within large firms have already been uncovered (Busenitz and Barney 1997), but the creative field and its production of culture may also use intuitive behaviors in different ways, perhaps even purposefully suppressing them.

A further limitation is that this study was carried out in the USA. This has very specific cultural and economic conditions that govern firms' behaviour. An interesting question therefore, is to what extent the same influences would be brought to bear on popular music industry decision making in countries such as Germany, the UK, or Japan, all of whom have thriving SME music sectors. Given their very different national cultures and economies, a cross-cultural

analysis of the same field, using similar segments and firm size, would to what extent cultural influences impact on decision-making, or whether music industry contingencies transcend national differences.

Further exploration into other CCIs may also uncover different influences on the decision-making process that may not have been observed in this study. The classification of CCIs can be wide, incorporating such different fields as Film, Television, Advertising and Fashion, each of which may make decisions in different ways, even though they lie within the culture producing or creative sectors in which the marketing and promotion of uncertain product is at the core of the business activities.

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