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What is critical to success in the movie industry? A study on key success factors in the Italian motion picture industry

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WHAT IS CRITICAL TO SUCCESS IN THE MOVIE INDUSTRY? A STUDY ON KEY SUCCESS FACTORS IN THE ITALIAN MOTION PICTURE INDUSTRY

Introduction

Heterogeneity in firm performance has been investigated with different perspectives. Starting from the original contribution of Industrial Organization Economics, since the second half of '80s, scholars have pointed out an increasing role of firm-specific factors. Amongst them, the role of human capital and knowledge-based resources are gaining increased attention. Accordingly, this is emphasized in creative industries where the relevance of intangible and experiential factors is one of the key issues to investigate competitive landscapes.

This paper investigates key successful factors in the Italian motion picture industry, with a major focus on human and relational capital as a driver of competitive advantage.

So far in the creative industries this concept assumes a particular relevance, taking into consideration that the *know-how* is often spread in social networks of professionals belonging to different communities of artists. Therefore, the capability of quickly reconfiguring these competences into specific projects is a critical issue (Lampel and Shamsie, 2000 and 2003). Moreover, intangible assets play an important role within these industries. Based on a research on more than one thousand movie projects produced in the Italian cluster, this paper tries to address the role of intangible factors in the motion picture industry.

Strategic industry factors in the motion picture industry

Motion picture industry is a cultural industry, in which the evaluation of performance is two-fold: as an artistic creation, and as an economic product. Each product is a prototype, that embodies a relevant component of creativity and non-recurrent content, which employs a wide range of diversified competencies in the artistic (e.g. actors) as well as technical (e.g. directors) side (Conant, 1960; Caves, 2000; Lampel e Shamsie, 2000 and 2003). Besides this, the industry is affected by a relatively high rate of uncertainty on the economic returns due to volatility on the demand side and moral hazard and information asymmetries on the supply side (Conant, 1960; De Vany e Walls, 1996 and 1999; Caves, 2000). The prototypical and non recurrent nature of the movie production thus calls for a project-based organization of the industry and the firms. In such a way, although some companies are operating on a more stable basis, the more common structure is project-based: teams of principals are formed to perform a single movie and then disband (Faulkner and Anderson, 1987; Robins, 1993; Jones, 1996; Miller e Shamsie, 1996; DeFillippi and Arthur, 1998; Mezias and Mezias, 2000).

As many other creative industries, the major and most valuable component of resources is dispersed in a wide community of independent professionals which are staffed on movie projects with specific and not stable appointments. As a matter of fact, even in the US industry, after the Second World War, a major breakthrough has occurred with the U.S. Supreme Court sentence which enforced the Hollywood studios to reduce their vertical scope and «…following a period of transition, the old studio system was replaced by organizations which exhibit the characteristics of contemporary new

organizations: they are flat rather than hierarchical, they are knowledge intensive rather than capital intensive, and they rely heavily on networks to mobilize crucial resources» (Lampel and Shamsie, 2003, p. 2190).

In this context, thus, movie project complexity is due to product- and organization-specific factors: the former are linked to the cultural, emotional, and experiential characters which make each movie a prototype not replicable in the future; the latter come from production activities which are highly specialized, non recurrent, with temporary organizations build upon a team of independent professionals, and characterized by specialized competencies. In other words, motion pictures are the collective creation of a large number of separate individuals, each contributing their creative input, unique talents, and technical expertise to the project (Ferriani et al., 2005).

As a matter of fact, there have been numerous theoretical and empirical accounts of the relevance of external community of professionals. Chisholm (1993), for instance, analysing the evolution of the US motion picture industry after the Supreme Courte sentence, pointed out the rationality behind the decision of progressively relaxing the relationships with professionals and define flexible contracts[1].

Besides this, Lampel and Shamsie (2003) argued that industry dynamics enforced the studios to become financing and distribution hubs with a key role in the resource bundling. The authors more specifically observed that while in the first era the most relevant factors affecting project performance appeared to be a so-called transforming capability, in the post-sentence era the distinctive factor can be considered the mobilizing capability, meant as attracting and selecting the most effective and successful artistic and technical resources for staffing the project.

Other contributions have pointed out the role of distinctive and talented resources, like stars and awarded technicians (directors and cinematographers; e.g. Miller and Shamsie, 1996; Ravid, 1999; Basuroy et al., 2003; Lampel and Shamsie, 2000 and 2003), and more recently the relevance of relational factors connected to the external community of professionals.

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[1]Chisholm also observed that the advent of television industry puts some pressures on the motion pictures producers to develop and shoot big budget and unique movie that might be clearly differentiated with the products broadcasted on the tv-screens (Chisholm, 1993).

While Miller and Shamsie (1996) focused on the effect of property and knowledge-based resources on the financial performance, Lampel and Shamsie (2000) introduced the concept of *momentum*, as the capability of a movie to attract sufficient consumers to activate the "word-of-mouth" mechanism. Later on, Lampel and Shamsie (2003) analyse the role of talented actors to explain economic performance in terms of box-office revenues. Similar results come from Ravid (1999), that tries to identify the role of "stars" on the ability to produce revenues, and Basuroy et al. (2003), that analyse the effect of critics on the box-office.

Another important element of analysis for the explanation of a movie performance is the presence, within the project, of a group of specialists characterized by consolidated and stable relations due to previous collaborations in other projects. The analysis of the existing relations between the members of specific projects is therefore an important opportunity to understand the process of aggregation and renewing of know-how within of specific movie.

According to this approach, Delmestri et al. (2005) analyze the vertical ties linking directors to producers and distributors, as well as the horizontal ones with other members of the production team, with the attempt to analyze to what extent the strength of these relations may influence movie performance. In particular, the Authors analyze the strength of the ties through indicators estimating the frequency and the relative exclusivity feature of the collaboration of the director with the other members of the community (producers and distributors vertically; writers, photography directors and actors horizontally).

Similar measures have been proposed by Sorenson and Waguespack (2006), analyzing the ties between the so-called principals of every movie (producer, writer, director and actors) and the distributors and from Ferriani et al. (2005) that, on the other hand, analyze the inner ties between director and various members of the project main team. While in Sorenson and Waguespack the main goal is to analyze the impact of the relations on the box office performance, in Ferriani et al. the measures of the relational variables are employed to understand the process of knowledge accumulation and sharing within organizations and across the entire industry.

In another study focused on vertical ties, Cattani et al. (2008) traced the inter-organizational network between feature movie producer organizations (candidates) and

distributor organizations (audience), and its influence on the exit rates of producer organizations over the period 1912-1970.

In a similar setting, that of the community of Broadway live entertainment performers, Uzzi and Spiro (2005) developed a sophistication of the relational analysis, which, in fact, does not only estimate direct ties among couples of actors, but through the conceptual apparatus of the small world networks they defined networks based on bipartite affiliations and their transformation in unique networks. Indeed, these allow to estimate also the indirect ties founded on the presence of structural holes, and brokers and intermediaries. In such sense, the analysis helps to understand in a more advanced and refined way - on the methodological side - the selection mechanism of the specialized resources to use for a specific project around a key central node. Uzzi and Spiro (2005) through this study, in fact, demonstrate that the level of connectivity and cohesion in a community that has the characteristics of a small world network influences positively the performance of the creative projects realized within the community. Nevertheless, the influence of this connectivity becomes negative beyond a certain limit.

And finally, in a very recent research, Esparza and Rossman (2008) tried to assess in the US motion picture industry the role of complementary productivity, reputation and status, and network.

In sum, the analyzed empirical studies concerning the movie industry or analogous fields, such as that of the production of Broadway's musical comedies, underline the following categories of variables:

- *Variables internal to the project*: referring to the technical and artistic resources, such as directors, actors and other professional figures, whose importance has to be analyzed through multiple aspects (specializations, successful professional resources, experience, awards);

- *Variables external to the production enterprise*: these are resources connected to the distribution and the promotion of the realized movies (advertising investments, distribution strategies), but also to relational capital that characterizes the motion picture industry and empowers the capability of selecting and deploying teams of independent professionals;

- *Variables connected to the performance of the project*: they refer to either the artistic performance (critics, awards and nomination) and the economic performance (revenues and admissions to the box office).

Summarizing these studies, critical success factors in the motion picture industry can be divided in three dimensions: firm- and project-specific resources and competences (Basuroy et al., 1999; Lampel and Shamsie, 2003); social network and ties within the artistic and technical communities, upon which the project is built and which allow to rapidly set a common operational knowledge base (Delmestri et al., 2005; Ferriani et al., 2005); the activities and the investments realized in the distribution phase which affect the capability of a movie to create *momentum* (Lampel and Shamsie, 2000) and to positively influence critics and reviews which might boost box office performance (Basuroy et al., 1999).

Accordingly these variables can be structured as in figure 1.

Fig. 1: Analytical outline of the research
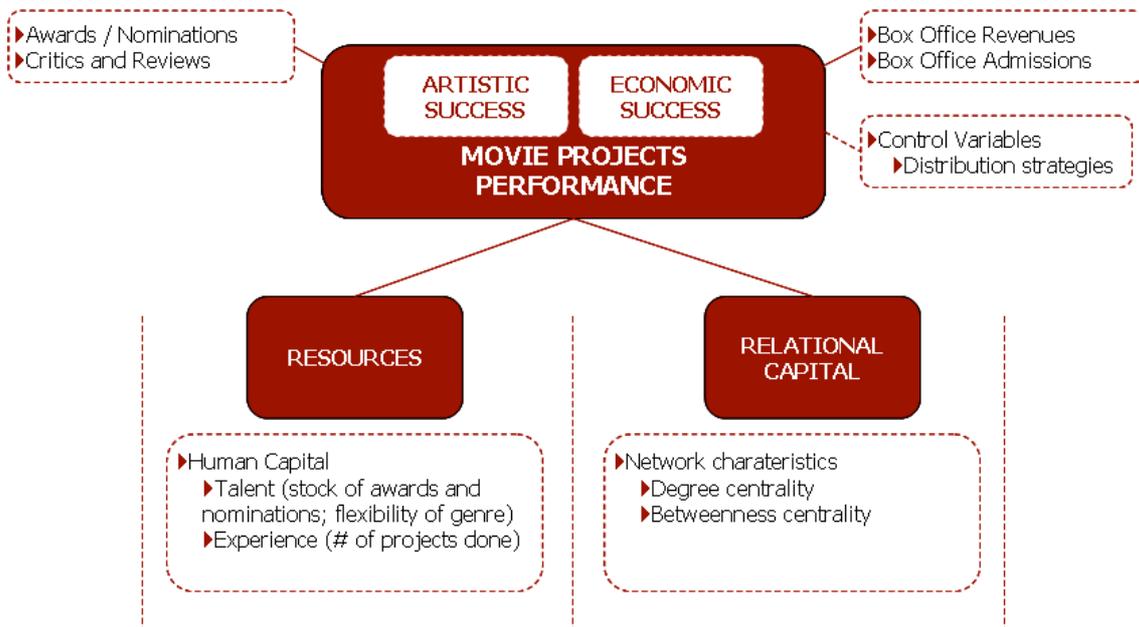
The performance of the movie project is expressed in the two-fold perspective of artistic and economic performance: the first one through the construction of indicators who

estimate the "value" of the awards and the nominations as well as the critics and reviews received by movies; the second one through the analysis of the box office revenues.

To analyze the determinants, or in other words the critical successful factors of each project, two main dimensions will be investigated:

- *The resources of the project*: in terms of excellence and distinctiveness through the measure of awards and nominations previously received by the crew members; in terms of flexibility of the resources - that is the ability of the human capital to play various roles in a movie and to participate in different genres of project; and in terms of experience, connected to the number of projects realized;

- *The relational capital,* useful, on one side, for the analysis of the ability to rely on ties external to the project - that therefore exercises a positive effect on the performance through a general effect of notoriety and reputation - and, on the other, to observe the strength of the inner ties, allowing to establish, even if approximately, the presence of stable routines of collaboration.

Hypotheses

Referring to the complexity of the artistic and commercial phenomenon, it is useful to verify some hypotheses that enlighten the critical factors in the explanation of heterogeneous performances in the movie production. The main issue consists in identifying the sources of movie firm heterogeneity as predictive or explaining factors of the heterogeneity in performances.

Therefore, the following questions appear interesting:

1.   What is the role of the specific resources in the project performance? Is there an existing trade-off between distinctive and flexible resources that allows to explain differentials in performances?

2.   What is the role of the relational capital in order to exploit external resources?

3.   To what extent do the characteristics of the enterprises influence the performance?

According to the literature, we can argue some relevant hypotheses. As a matter of fact, one of the most advocated capability is that directed to plan and finance motion picture

projects. In this context, producers and production companies seem to play the critical role. However, the Italian cluster of production companies displays a singular characteristic, since directors are synthesizing both managerial and artistic functions. According to Delmestri et al (2005), in fact, in the Italian production directors play one of the most relevant role within the crew. Therefore, our first hypothesis is as follows.

H1:

In the Italian motion picture industry directors significantly affect movie performance.

Although scholars have argued that directors play a pivotal role in planning and financing the project as well as in selecting and deploying critical resources, there is a need to understand weather or not successful directors own specific characteristics. In particular, two main characteristics can be investigated, that are talent and flexibility. As a matter of fact while the former represent a common key variable investigated in the industry, the latter is a relatively new factor enabling a more complete analysis of movie project success. In such a way, the ability of a director to perform in different movie genres and to play different roles within the production might be an interesting issue to partially explain performance heterogeneity.

Accordingly, the following sub-hypotheses can be derived:

H1a:

In the Italian motion picture industry the role of the directors flexibility is significant and positive on movie performance.

H1b:

In the Italian motion picture industry distinctiveness and talent displayed by directors play a significant role on movie performance

In line with many other scholarly contributions in this field (e.g. Basuroy et al., 2003; Ravid, 1999, Lampel and Shamsie, 2000 and 2003), talent and successful track records of actors and movie stars within the crew can explain an important portion of performance heterogeneity. As a matter of fact, signalling capabilities of past awarded

and successful interpreters and cast members are traditionally considered one of the central component of marketing and promotional campaign of a released movie. However, we argue that not only distinctiveness of actors but also their flexibility can play and important role in the movie performance. Accordingly our second hypothesis is as follows.

Hp 2:

Flexibility and distinctiveness of actors influence movie performance.

Finally, relational capital is one of the critical factors to be investigated. According to different scholars (e.g. Sorenson and Waguespack, 2006; Delmestri et al, 2005; Uzzi and Spiro, 2005; Cattani et al., 2008; Esparza and Rossman, 2008) relational attributes of a community of artists and professionals play an important role on movie performance. Our third hypothesis is thus as follows.

Hp 3:

The relational capital is a critical success factor in the movie project performance.

In particular, we argue that a higher degree of centralization as well as a greater level of brokering of the crew members are two important factors for the project. As a matter of fact, while the former represents the number of relations between the crew and the entire community, the latter is a factor explaining the ability of the crew members to act as brokers within the entire networks. In such a way, the degree of centralization can be considered an indicator of centrality of the crew members within the community, while the brokering function a variable displaying the capability to activate relations with professionals and artists in the community. In such a way, degree of centrality can deploy positive effects on either economic and artistic performance, while brokering in our domain appear significant only for the economic variables, enabling a rapid and effective project organization. Accordingly, two sub-hypotheses can be derived.
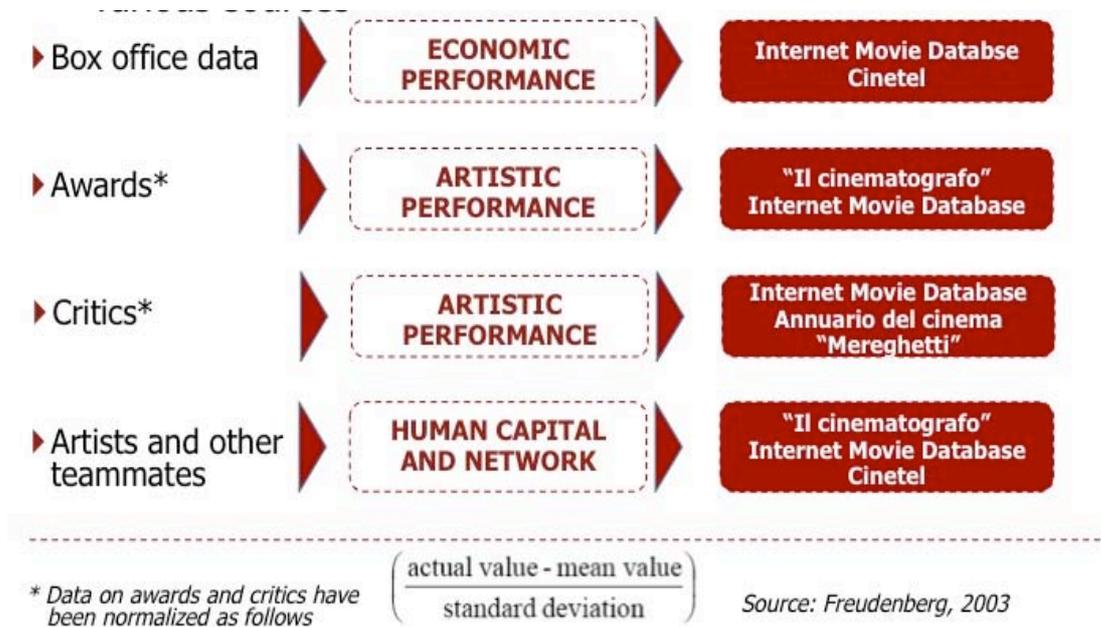
Hp 3a:

The level of centralization influences positively and significantly both the economic and artistic performance.

Hp 3b: The brokering degree influences positively and significantly the economic performance.

The Research

The study uses data on the Italian motion picture industry from 1996 to 2007 to explore the relationships between movie performance and strategic factors. They have been collected through different sources, including the Internet Movie Database and covering all motion picture producer organizations in Italy (fig. 2), and consequently they have been elaborated, defining some variables useful to the analysis.

Fig. 2 Data sources

▶ Box office data	ECONOMIC PERFORMANCE	Internet Movie Databse Cinetel
▶ Awards*	ARTISTIC PERFORMANCE	"Il cinematografo" Internet Movie Database
▶ Critics*	ARTISTIC PERFORMANCE	Internet Movie Database Annuario del cinema "Mereghetti"
▶ Artists and other teammates	HUMAN CAPITAL AND NETWORK	"Il cinematografo" Internet Movie Database Cinetel

* Data on awards and critics have been normalized as follows $\left(\dfrac{actual\ value - mean\ value}{standard\ deviation} \right)$ *Source: Freudenberg, 2003*

The observation period begins in 1996 and ends in 2007. For each movie – nearly 100, on average, every year – data on performance as well as on project-, firm-, and network-specific attributes have been collected and analysed. The research sample considers all movies presented by Italian producers or through coproductions (even minor) and released from 1996-2007. In sum, the sample consists of 1074 projects.

In particular, the source for the box office data of Italian market is Cinetel who controls the 85% of Italian screens. These data have been transformed through the Natural Logarithm to reduce distorsion effects linked to the presence of outlayer (successful movie and projects without revenues). This transformation is validated by the literature (Lampel and Shamsie, 2000 and 2003; Basuroy et al., 2003). As a matter of fact, the natural log-transformation allows to reduce the weight of the tails, above all of those due to low level of revenues.

Being the scope of this work limited to the movie production, we decided to control the effects of distribution strategies, which are normally defined by a different operator. Therefore, variables concerning the number of the screens and of days on theatres have been collected and applied[2]. Only the second one has been considered relevant in our sample.

Data relative to awards and nominations from movies (which is an indicator of the artistic performance) or already gained from the project resources (which is an indicator of the stock of resources and competences available) has been divided in three categories: awards and nominations in national competitions and festivals; awards and nominations in international competitions and festivals; awards and nominations from Oscars and Golden Globes. Composite indicators have been calculated in order to estimate for each professional and artistic role the presence of awards and talent as well as the artistic performance of the movie[3].

Data on flexibility of genre and on experience of directors and actors have been constructed analyzing respectively the number of projects and their genres. Data on projects, genres, and awards and nominations have been collected through Imdb and "the cinematografo" website (www.cinematografo.it).

Data on critics and reviews received by each movie as an indicator of artistic performance, have been collected from Imdb, through a rating that measures the

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[2]These variables have been used in other relevant contributions. See e.g. Lampel and Shamsie (2003) and Sorenson and Waguespack (2006).
[3]To calculate indicators we decided to overestimate awards and nominations gained the most popular concourses, like Academy Awards and Golden Globes. Therefore, the attributed weights are: 30% to the awards/national nominations; 30% to the awards/international nominations; 40% to Oscars and Golden Globes.

satisfaction of critics and public, and the dictionary "Il Mereghetti. Dizionario dei film 2008" by Paolo Mereghetti.

Data on awards and nominations, critics, flexibilities and experience have been normalized through the following formula:

$$\left(\frac{\text{actual value - mean value}}{\text{standard deviation}} \right)$$

Finally, relational data have been defined making reference to the members of projects as shown from three various sources (Imdb, "the Cinematografo" and Cinetel), with the aim to verify their alignment to the hypotheses. Data have been codified in the following roles: Actor (A), classified by the importance in the movie (leading actors or supporting actors); Author (AU); Director (R), who represents the key role in the Italian production; Photography (F); Editing (E); Music (M); Set design (S); Costumes (C); Script (W).

Network data have been first collected in matrices "members of the project/projects", inserting "1" in the case in which the specific member of the network had participated to the specific project, and "0" in the other way round. In such a way each cell of the matrix has been covered by the Kij indicator, which represents the i-member of the j-project, that is equal to "1" if she has participated and to "0" if she does not. Through the Ucinet software 6.0, the main matrix has been then transformed in square matrices "movie by movie" in order to create primary affiliations data and to calculate specific network indicators referring to the single projects. In particular, for each project we calculated indicators like: *degree*, meant as the number of relations per node (project); *betweeness*, intended as the brokering degree of each node.

Results

The human capital involved in the development and production of the projects is composed by a variety of different professional figures. In this context, however, some of the key figures have been selected, whose role appears important in the realization of the movie production. The roles taken in consideration in the analysis are the following:

director, author, writer, director of the photography, actors, director of music, of set design, and of costumes.

In this context, the analysis of the human capital role has been divided referring to the groups of professionals with strong impact, thus the director and the actors. As it can be analyzed, there is a positive and significant correlation between the stock of awards (S_Director) and the flexibility of the director (Fl_Director) with all the variables of artistic performance (Itreview for the Mereghetti critics, I_Rating for Imdb values, A_Total), while the experience (Exp_Director) is only correlated in significant way with the total of the acquired awards related to the project (A_Total) (tables from 1 to 4, that introduce regression models differentiated for variable - LnBoRev for the economic performance, I_rating, Itreview, A_total for the artistic performance).

Both the stock of awards and nominations previously acquired by the director and his flexibility in terms of different genres underline a positive and significant impact on all the various measures of the artistic performance.

Neither distinctiveness nor flexibility nor experience of directors seem to play a significant role on economic performance.

Tab. 1 Regression Model – Dependent variable Log Box Office Revenues

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Director		0,011	0,028	0,027
Fl_Director			-0,056	-0,063
Exp_Director				0,014
Control variables				
LnDays	0,887***	0,886***	0,888***	0,889***
R Square	0,618	0,618	0,621	0,621
F Value	848,965***	565,715***	428,822***	342,932***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable : LnBoRev

Tab. 2 Regression model – dependent variable Total Awards gained

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Director		0,314***	0,224***	0,232***
Fl_Director			0,305***	0,342***
Exp_Director				0,022†
Control variables				
LnDays	0,167***	0,119†	0,103*	0,101*
R Square	0,044	0,137	0,217	0,222
F Value	24,005***	55,364***	72,361***	59,576***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable: A_TOTAL

Tab. 3 Regression model – dependent variable Imdb Rating

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Director		0,177***	0,147***	0,148***
Fl_Director			0,101**	0,106**
Exp_Director				-0,01
Control variables				
LnDays	0,100	0,073	0,068	0,068
R Square	0,011	0,040	0,049	0,049
F Value	5,843**	14,721***	13,549***	10,847***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable : I_RATING

Tab. 4 Regression Model– dependent variable Critics Medium Value

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Director		0,870***	0,886***	0,884***
Fl_Director			-0.054	-0.064
Exp_Director				0,022
Control variables				
LnDays	0,145**	0,011	0,014	0,014
R Square	0,030	0,742	0,745	0,745
F Value	16,033***	.005,955**	763,780***	611,584***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable :ITREVIEW

Going to analyse the role of actors, tables 5-8 report regression models for this cluster of professionals.

Tab. 5 Regression Model – Dependent Value Log Box office Revenues

		Model 1	Model 2	Model 3	Model 4
Independent variables					
	S_Actor		-0,032	-0,042*	-0,045*
	Fl_Actor			0,041*	0,038*
	Exp_Actor				0,014
Control variables					
	LnDays	0,887***	0,886***	0,888***	0,891***
R Square		0,618	0,619	0,621	0,621
F Value		848,965***	567,689***	427,982***	342,308***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable: LnBoRev

An interesting result is that distinctiveness and flexibility of actors play a significant role with the opposite sign. As a matter of fact, stock of awards and nominations negatively affects the economic performance, while flexibility shows positive coefficients[4]. This result is quite different from similar investigations performed in the American movie industry, in which the presence of distinctive actors ("movie stars") owing a greater stock of awards or nominations positively affects the economic performance. Besides this, an interesting data, is that the flexibility in terms of movie genres of the actors being involved in the movies has a positive and statistically significant impact on the economic performance.

Tab. 6 Regression Model – dependent variable Total Awards gained

		Model 1	Model 2	Model 3	Model 4
Independent variables					
	S_Actor		0,285***	0,239***	0,228***
	Fl_Actor			0,174***	0,164***
	Exp_Actor				0,052†
Control variables					
	LnDays	0,887***	0,886***	0,888***	0,891***
R Square		0,044	0,120	0,147	0,149
F Value		24,005***	47,730***	45,049***	36,683***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable: A_TOTAL

Tab. 7 Regression Model – dependent variable Imdb Rating

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[4]Both classes of coefficients are significant but with limited value.

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Actor		0,222***	0,215***	0,220**
Fl_Actor			0,026	0,031
Exp_Actor				-0,027
Control variables				
LnDays	0,100*	0,069	0,069	0,070
R Square	0,011	0,057	0,058	0,058
F Value	5,843**	21,185***	16,047***	12,978***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable: I_RATING

Referring to the artistic performance both flexibility and distinctiveness play a positive and significant role[5].

Tab. 8 Regression Model – – dependent variable Critics

	Model 1	Model 2	Model 3	Model 4
Independent variables				
S_Actor		0,292***	0,247***	0,244***
Fl_Actor			0,168***	0,165***
Exp_Actor				0,013
Control variables				
LnDays	0,145**	0,104**	0,104**	0,104**
R Square	0,300	0,110	0,134	0,135
F Value	16,033***	43,047***	40,653***	32,535***

†p<0.10; *p <0.05;**p<01;***p<0.001
Dependent Variable: ITREVIEW

Considering these results all together, we can first confirm one of the main consolidated result in the industry, that is experience does not play a significant role on project performance, which means that artists and professionals at their first movie may have a similar chance to successfully perform than that of the most experienced ones. Besides this, our hypotheses on the roles of directors and actors in the Italian motion picture industry have been validated, even though with heterogeneous impacts on specific type of performance.

The difficulty to capitalize the experience of the organization is connected to the industry practice of the movie production, which is based on the continuous change of project members. In such sense, as widely documented by the literature, it is useful to

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[5]For the Imdb rating flexibility is not significant.

analyze the relational capital that characterizes the motion picture production, since it could render the processes of definition or reactivation of job routines more effective and efficient. Some scholars, in fact, considers that the industry is characterized by a collective knowledge that is easily activated and valued in presence of strong relations between the members of the project (Delemestri et al, 2005, Sorenson and Waguespack, 2006; Cattani et al., 2008).

Observing tables 9-10 we can analyze regression models between network characteristics of the projects and their performance. Results indicate that the standardized value of the level of centralization (ndegree) of the single project is significant (p value<0.10) and positively influences the artistic performance, but has no impact on the economic one.

Tab 9 Regression Model – Dependent Variable Log Box Office Revenues

	Model 1	Model 2	Model 3
Indipendent variable			
NDegree		0,009	−0,010
NBetween			0,052*
control variable			
LnDays	0,887***	0,887***	0,884***
R Square	0,618	0,618	0,620
F Value	848,965***	565,486***	427,288***

†p<0.10; *p <0.05;**p<01;***p<0.001
dipendent variable: LNBO_REV

Tab 10 Regression Model – Dependent Variable Imdb Rating

	Model 1	Model 2	Model 3
Indipendent variable			
NDegree		0,079*	0,103**
NBetween			−0,064
control variable			
LnDays	0,100†	0,090†	0,093*
R Square	0,011	0,017	0,021
F Value	5,843**	6,123***	5,556***

†p<0.10; *p <0.05;**p<01;***p<0.001
dipendent variable: I_RATING

Besides this the brokering degree (nBetwenness) appears significant and positive for the economic performance.

Conclusions

This study presents results concerning the Italian cluster of motion picture producers, which appears quite different from the US-based industry. Consistent with the main study in this setting, in fact, it is possible to underline some similarities and differences. The US studio system is an integrated cluster in which distributors act as hubs for the entire industry, financing and selecting projects realized by independent or affiliated companies. Besides this, the 6 majors which are leading the worldwide market (Viacom, Sony Corporation, Nbc Universal, Timewarner, News Corporation, The Walt Disney Company) own a division or a company which produce motion picture projects with operations mainly located at Hollywood. Despite this organization, the specific phase of production is mainly the same as that realized by independent companies, with a relevant role of the community of artists and technicians dispersed in the specific cluster or system. The Italian motion picture industry is fundamentally based on small, independent, and temporary companies, which on average each year shoots 100 movies. Accordingly, it is not uncommon that a small and single-project company is formed by a director with some partners just to realize one movie[6]. One of the main differences between the Hollywood and Italian system is on the role of directors, that play in Italy the pivotal role of the entire phase of production (Delmestri et al., 2005). As seen, the role of the directors is positive and significant on the artistic dimensions of the performance. However, economic performance is not affected by the presence of directors with a distinctive track records of awards and nominations as well as characterized by flexibility in terms of genres.

Beside this, another difference is the presence of an underdeveloped star system within the Italian cluster, which is reflected on the average budget of production that in Italy is more or less one tenth of the mean of the budget in the US. Consistent with this difference, on the Actor side, it has been noticed that flexibility influences positively economic performance while distinctiveness negatively.

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[6]See also Delmestri et al (2005). An interesting data is that in the last 8 years the major part of the firms within the production companies registered at the Italian Ministry of Arts and Cultural Goods did not realize any movie. Source Research Unit of Cinecittà Holding (2007).

The positive role of talented actors and movie stars on the likelihood of the box office revenues in the US production can be due to the impact of the coherence and specialization of professionals in their performances as well as the relevance of popular characters in the star system; flexibility of genres, on the contrary, may act as a disturbing leverage on the positioning of the artists in the emotional and mental space of the audience and critics. In such a way, in a well developed star system distinctiveness should boost economic and artistic performance, while flexibility might reduce it. The Italian motion picture industry, however, does not make any evidence of this effect, but results allow us to consider that flexibility of genres in an underdeveloped actors' system can be accredited with a larger potential of economic performance.

Concerning the artistic performance, the public opinion (Imdb rating) appears to be significantly influenced only by talent and distinctiveness of the actors. Finally critics and awards, are influenced by both flexibility and distinctiveness.

These results may enable us to raise some concluding remarks. First of all, in line with the relevant literature for the industry, talent and distinctive resources play a significant role on movie performance. This result is even consistent with one of the major research stream in the strategy field, that is the resource- and competence-based view. However, some interesting new issues might be grasped. First of all this research includes another interesting characteristic of resources, that is the flexibility of genres. As a matter of fact, flexibility of actors and directors seem to play a relevant role on project performance. The inclusion of flexibility is an important factor since it allows to consider the strategic character of resources in a complete manner. This is a telling point of our paper, since resource-based theories in the field of strategic management have traditionally focused, for instance, on integration, combination, and acquisition of resources, while very little attention has been devoted to the characteristics of strategic resources.

As a matter of fact, while the notion of strategic factors market has been thoroughly advocated by numerous scholars, the extent to which the structure and functioning of the market itself can affect firm's competitiveness still needs to be developed. Hence, we argue that selecting and deploying strategic resources is a key issue, which relies on the dynamic capabilities of the firm, and which might change depending on the specific characteristics of the strategic factor market. As a matter of fact, organizational and

business settings in which the major component of strategic resources is structurally outside the firm boundaries, call for a strategic approach in which the capability to attract, mobilize and orchestrate distinctive resources appear as one of the key successful factors (Lampel and Shamsie, 2003; Teece, 2007b). Beside this, different characteristics of strategic factors markets might affect the specific traits of relevant resources to be deployed in the business system. In such a way, leveraging resources from a highly specialized and well developed market, like the Hollywood cluster for the motion picture industry, can imply that a high level of specialization and distinctiveness can be a key successful factor, while less developed markets for resources might call for more flexible ones.

Finally, network characteristics significantly affect movie project performance. In particular, centralization influences artistic performance since it may boost the potential in terms of popularity of a professional within the artistic community, while the brokering degree supports the economic performance by the means of a greater capability to reactivate organizational and technical routines. This last, in particular, is an important result since it underpins one of the main characteristics of the industry, the lack of control of strategic resources which mainly reside out of the firms' boundaries, and calls for a more networked approach. In such a way, selecting resources more central in the community supports artistic performance, while defining a crew characterized by a greater level of brokering enables the capability to reactivate routines and know-how, which supports economic performance.

The paper can of course be improved. In particular a major effort on the refinement of variables describing distinctiveness and flexibility of resources may emphasize or define better the impact of human capital on the project performance. Besides this in this paper only flexibility of genres has been taken into account, but multiple roles played within a film crew can be another important driver of flexibility and performance. So considering the flexibility of professional roles might be another important issue to be analyzed. Finally, a deeper consideration of the specific characteristics of the strategic factors market may enable scholars to better select strategic resources to deploy in uncertain, complex, and hypercompetitive environment. These issues remain interesting challenges for the future.

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