Picking the right signals? Investor assessment of reputation signals of entrepreneurial teams and distributors in project-based enterprises

Small Bus Econ
https://doi.org/10.1007/s11187-025-01100-8

RESEARCH ARTICLE

Picking the right signals? Investor assessment of reputation signals of entrepreneurial teams and distributors in project-based enterprises

Angelo Tomaselli · Salvatore Torrisi · Joris Ebbers

Accepted: 15 July 2025

Abstract Signaling theory posits that investors rely on quality signals from entrepreneurial teams (ETs) to assess their capacity to build successful new ventures. We examine how accurately investors evaluate these signals when funding project-based enterprises (PBEs)—temporary, single-purpose ventures characterized by extreme uncertainty. In this context, investors face challenges in interpreting signals from both ETs and their affiliated distributors promoting PBEs' product. Short project lifecycles limit investors' ability to monitor ET behavior, while distributors face rapidly shifting consumer preferences. Studying the film industry, we investigate how the commercial reputations of ETs and distributors influence investment in PBEs, as well as PBEs' subsequent commercial success. We reveal a disconnect: ET reputation is a stronger predictor of investment than of commercial success. In contrast, distributor reputation more reliably predicts commercial success, though it is overlooked by investors. These results suggest that investors may misinterpret key reputation signals, making a separating equilibrium between high- and low-quality PBEs unlikely. We contribute to signaling theory by highlighting the misalignment between signals that attract investment and those that predict success in high-uncertainty, project-based ventures.

Plain English Summary When investing in new project-based enterprises (PBEs)—short-term, single-purpose ventures—investors often overlook the signals that best predict commercial success. Our study explores how investors interpret quality signals from entrepreneurial teams (ETs) and their affiliated distributors when deciding whether to fund PBEs. Using data from the Italian film industry, we find that investors place too much weight on the commercial reputation of ETs. Although this reputation attracts funding, it is a weak predictor of a PBE's commercial success. In contrast, the commercial reputation of a film's distributor—though overlooked by investors—is a far more reliable indicator of a PBE's commercial success. The key implication of our findings is that investors should rethink their decision-making in PBE contexts and consider giving more weight to distributors' reputation. Finally, our findings offer broader insights into how investors assess temporary ventures operating in highly uncertain environments.

A. Tomaselli (✉)
Department of Entrepreneurship and Innovation, University of Amsterdam Business School, Plantage Muidergracht 12, 1018 TV Amsterdam, the Netherlands
e-mail: a.tomaselli@uva.nl

S. Torrisi
Department of Economics, Management and Statistics, Università Degli Studi Di Milano-Bicocca, Via Bicocca Degli Arcimboldi, 8, 20126 Milan, Italy
e-mail: salvatore.torrisi@unimib.it

J. Ebbers
Entrepreneurship and Innovation, Luiss Business School, Via Nomentana, 216, 00162 Rome, Italy
e-mail: joris.ebbers@luissbusinessschool.nl

Published online: 05 August 2025

Keywords Signaling theory · Cognitive perspective · Reputation · Project-based enterprises · Entrepreneurial teams · Distributors · Investors

JEL Classification D82 · G11 · L82 · M13 · M21

1 Introduction

Following signaling theory (Connelly et al., 2011, 2025; Spence, 2002), quality signals from entrepreneurial teams (ETs) help reduce information asymmetry and influence investment decisions in new ventures (Higgins & Gulati, 2006; Hsu, 2007). While these signals offer investors insights into ETs' capacities, they often fail to reflect their actual dedication to building successful ventures (Bergh et al., 2014; Busenitz et al., 2005; Svetek, 2022). Consequently, especially when ETs partner with affiliated third parties, scholars emphasize the importance of assessing whether investors accurately interpret ETs' signals as reliable predictors of a venture's future success (Bafera & Kleinert, 2023; Colombo et al., 2023; Drover et al., 2018; Plummer et al., 2016).

We study this by analyzing investments in project-based enterprises (PBEs). PBEs are distinctive single-purpose ventures "that contain all production support functions within a temporary project organization setting, but where marketing and distribution are managed by more durable independent organizations" (DeFillippi, 2015, p. 269). Industries dominated by PBEs—such as high-tech (Hobday, 2000) and creative sectors (De Vany, 2003; Di Novo et al., 2022)—are marked by extreme uncertainty in evaluating PBEs' true potential. Investors often make investment decisions in PBEs by relying on the commercial reputations (Shapiro, 1983) of ETs managing the PBE and of affiliated distributors contributing to the promotion of PBE products, both representing quality signals derived from their prior commercial success (Delmestri et al., 2005; Hadida, 2010). However, due to contextual factors, these signals are noisy (Cason et al., 2024; Posen et al., 2018)—meaning they are difficult to interpret when forecasting PBEs' commercial success. In particular, ETs operate within short project lifecycles, limiting investors' ability to assess their behavior (Sydow et al., 2004) and reducing opportunities for strategic pivots (Phelan & Lewin, 1999). Moreover, distributors navigate highly uncertain markets where consumer preferences shift rapidly and unpredictably (DeFillippi & Arthur, 1998; Faulkner & Anderson, 1987), further complicating the interpretation of reputation signals.

Thus, drawing on research that depicts investors as signal receivers characterized by bounded rationality and limited information-processing capacity (Bafera & Kleinert, 2023; Butticè et al., 2022; Drover et al., 2018), we investigate *signal confirmation* (Bergh et al., 2014) in relation to investors' expectations about the commercial reputations of ETs and distributors. We examine the influence of these reputations on investors' decisions during the PBE investment stage and on PBEs' commercial success during the subsequent commercialization stage. First, we theorize that during the investment stage, investors' expectations about the predictive power of ETs' reputation for PBEs' commercial success in the commercialization stage are not confirmed, making a separating equilibrium between low- and high-quality PBEs unlikely (Bergh et al., 2014; Blaseg et al., 2021). Second, by comparing the effects of ETs' and distributors' reputations within the two stages, we theorize that, as ETs serve as the PBE's public "face" (Ebbers & Wijnberg, 2012a; Ferriani et al., 2009), their reputation receives greater weight in investment decisions, even though distributors' reputation better predicts PBEs' commercial success. This overemphasis on ET reputation further undermines the distinction between low- and high-quality PBEs, ultimately reducing investment efficiency.

To test our theoretical framework, we analyze the film industry, where film productions are PBEs established and managed by ETs for the duration of a single, one-off (film) project, the quality of which is difficult to assess before its market release (DeFillippi & Arthur, 1998). On the one hand, ETs' commercial reputation—based on the box office revenue of (recent) film productions in which ET members were involved—serves as a quality signal that can influence private investors in the investment stage (Ebbers & Wijnberg, 2012a). On the other hand, investments (La Torre, 2014) and the commercial success of film productions (Sorenson & Waguespack, 2006) may also be shaped by distributors, who act as key third parties affiliated with and collaborating alongside ETs in the commercialization stage. Distributors play a critical role in commercializing and distributing films for PBEs, leveraging their extensive market knowledge

to maximize reach and profitability. Their commercial reputation—based on the box office revenue of the recent (film) products they promoted—also serves as an important quality signal for investors (Hadida, 2010; Johnsen, 2023).

Our paper makes two key contributions to entrepreneurship research. First, by examining the PBEs' context, we provide novel insights into the entrepreneurship literature on signals (Colombo, 2021; Courtney et al., 2017; Vismara, 2018) and signal confirmation (Bergh et al., 2014; Colombo et al., 2019). In particular, as Bergh et al. (2014, p. 1347) pointed out, previous research examining signals as indicators of venture quality has failed to incorporate "signal confirmation to assess whether the separating equilibrium [between high- and low-quality ventures] was realized." We show that this equilibrium is unlikely to occur for PBEs, as investors' expectations concerning ETs' reputation are not confirmed. Our findings reveal that ETs' reputation exerts different effects across PBEs' investment and commercialization stages, being a stronger predictor of investment decisions than of PBEs' actual commercial success. This misalignment—between investors' expectations of ETs' reputation and the actual capacity of this signal to determine success—highlights the challenges of accurately interpreting ETs' quality signals (Delmestri et al., 2005; Ebbers & Wijnberg, 2012a; Tomaselli et al., 2022) in the temporary, uncertain context of PBEs.

Second, we respond to Colombo et al.'s (2023) call for a deeper understanding of venture valuations in contexts that may constrain investors' rationality, as well as to Connelly et al.'s (2025) call for research on how "multi-party signaling" influences receivers' decisions. While prior studies suggest that signals from affiliated parties significantly impact investment choices in non-temporary ventures (e.g., Colombo et al., 2019; Plummer et al., 2016; Stuart et al., 1999; Vanacker & Forbes, 2016), we find a different pattern in the context of temporary PBEs. Specifically, when investors jointly assess the reputations of ETs and their affiliated distributors, they appear to rely solely on the ETs' reputation, with no empirical evidence that the distributors' reputation is considered, despite its greater impact on PBEs' commercial success. This misalignment—whereby investors rely on the weaker predictor of success—further indicates that a separating equilibrium between low- and high-quality PBEs is unlikely. From a cognitive perspective, it also suggests a potential attribution error (Baum & Silverman, 2004), as investors tend to overvalue the reputation of ETs while overlooking that of distributors, whose role is crucial in the PBE's commercialization stage.

The paper is structured as follows. In the first section of this study, we present our theory and hypotheses. Next, we describe our empirical setting, data, and methods. After that, we present our results and robustness checks. In the ensuing discussion, we elaborate on the contribution and practical implications of our findings, examine the limitations of our study, and explore possibilities for future research. We end with a short conclusion.

2 Theory and hypotheses

2.1 PBEs' environment: challenges in assessing quality signals

Quality signals can communicate unobservable information about quality (Connelly et al., 2025). They can convey information on new ventures' potential success by reducing information asymmetry between the receivers and senders of these signals (Hsu & Ziedonis, 2013; Vanacker et al., 2020). For instance, this dynamic is evident in crowdfunding (Butticè et al., 2022; Kleinert et al., 2022; Mataigne et al., 2025; Troise et al., 2024) or in venture capital financing (Hoenig & Henkel, 2015; Hsu, 2007), when investors, as receivers, analyze signals related to the experience of entrepreneurs, as senders. In particular, the validity of quality signals can be attributed to a fundamental principle: signal confirmation, which occurs when investors can accurately assess—and have correct expectations about—the capacity of quality signals to predict commercial success efficiently. This confirmation is a necessary condition for achieving a *separating equilibrium* (Bergh et al., 2014; Colombo et al., 2019; Spence, 2002), in which signals enable investors to distinguish low-quality from high-quality ventures.

However, the PBE context involves high uncertainty in assessing the potential of PBEs (De Vany, 2003; Di Novo et al., 2022; Hobday, 2000), as two factors related to ETs and distributors operating in PBEs make their quality signals noisy (Cason et al., 2024; Posen et al., 2018)—i.e., hard to interpret—and

thus undermine signal confirmation. First, while the PBE is "a set of contracts that ceases to exist once the project is completed" (Ferriani et al., 2009, p. 1545), this temporary venture is managed by ETs who temporarily combine their efforts (DeFillippi & Arthur, 1998; Faulkner & Anderson, 1987), being composed of "two or more individuals who have a significant financial interest and participate actively in the development of the enterprise" (Cooney, 2005, p. 229). ETs' commercial reputation is a key quality signal (Shapiro, 1983) that investors rely on heavily when making investment decisions. This reputation, defined as "the expected quality of an actor's output based on past performance" (Collet et al., 2014, p. 168), stems from the commercial success of past PBEs in which ET members were involved (Ebbers & Wijnberg, 2012a). Yet, the structure of PBEs complicates the evaluation of ETs' commercial reputation as a reliable indicator of future success. PBEs have their vision, strategy, and budget approved in advance (Phelan & Lewin, 1999), constraining their adaptability to contingencies requiring strategic pivots or adjustments to project design and execution. Moreover, ETs operate within short project lifecycles, which reduce investors' ability to monitor their behavior (Bakker et al., 2016; Sydow et al., 2004).

Second, investors face additional complexity when evaluating PBEs because ETs have limited control over the commercialization of their products and rely heavily on affiliated distributors as key partners (Stuart et al., 1999). Distributors play a crucial role in bringing PBE products to market (Hadida, 2010; Havens, 2003; Momeni & Martinsuo, 2019). Distributors' commercial reputation—based on the past success of PBE products they have distributed—acts as an additional quality signal for investors, but its impact on future commercial success remains difficult to assess. Indeed, distributors promote PBE products in industries characterized by high market uncertainty, such as high-tech and creative sectors, where forecasting rapidly shifting consumer preferences and market reception is highly challenging due to the risk of rapid obsolescence (Ebers & Powell, 2007; Giarratana & Torrisi, 2010) and the inherent difficulty of adjusting products to evolving trends (DeFillippi, 2015).

Thus, because PBEs rely on short-lived ETs with limited flexibility to pivot projects, as well as on distributors navigating volatile markets, we theorize that investors' expectations about ETs' and distributors' reputations as predictors of PBE success may be inaccurate. To explore this possibility, in the next section, we first examine signal confirmation (Bergh et al., 2014) regarding the commercial reputation of ETs. We assess whether investors accurately evaluate the predictive power of this reputation for PBE success through a *cross*-stage assessment, comparing the distinct effect of ET reputation on investors' decisions during the PBE investment stage and on the PBE's commercial success during the PBE commercialization stage. Next, we examine how investors interpret both ETs' and distributors' reputations together. Through a *within*-stage assessment, we compare the relative influence of these reputations at each stage—first in relation to investment decisions, and then in relation to PBE commercial success. This dual approach provides a comprehensive view of how both reputations shape investor decision-making and PBE commercial outcomes—their correct interpretation during investment decisions would indicate a separating equilibrium (Bergh et al., 2014), in which investors efficiently distinguish low- from high-quality PBEs.

2.2 Multi-party signaling: ETs' and distributors' commercial reputations

Prior research has predominantly focused on the role of ETs in establishing PBEs and their commercial reputation as a quality signal for attracting investors. On the one hand, from a signaling theory perspective (Bergh et al., 2014; Connelly et al., 2025), investors in PBEs can rely on ETs' commercial reputation to make informed investment choices. Reputable ETs are perceived to have superior market insight, enabling them to identify unmet consumer needs and emerging opportunities that less-experienced ETs might overlook (Ebbers & Wijnberg, 2012a; Hadida, 2010; Tomaselli et al., 2022). On the other hand, from a cognitive perspective (Bafera & Kleinert, 2023; Drover et al., 2018), investors have bounded rationality (Simon, 1955) and might mistakenly believe that a strong commercial reputation from past successes guarantees continued success in future projects (Baker & Ricciardi, 2014; Grosskopf & Sarin, 2010; Rhee & Haunschild, 2006). This creates a potential misalignment between investors' expectations of ETs' reputation during the PBE investment stage and the

actual impact of this reputation on PBE commercial success during the PBE commercialization stage.

When making investment decisions in PBEs, investors tend to prioritize the most salient and easily accessible information, particularly focusing on ETs, who serve as their primary interlocutors due to their highly visible and central role (Huovinen & Pasanen, 2010). As the driving force behind PBE product design and execution, ETs oversee critical financial and managerial decisions (Ferriani et al., 2009), reinforcing their position as the public "face" of PBEs and aligning with investors' mental models of what success looks like. However, the temporary nature of PBEs leads to limited investor-ET interactions (Bakker et al., 2016; DeFillippi & Arthur, 1998), unlike in contexts such as private equity investment in non-temporary ventures, where entrepreneurs pursue follow-up funding and build long-term investor relationships (Edelman et al., 2021; Mochkabadi & Volkmann, 2020; Vanacker et al., 2020). This limited engagement may make it difficult for investors to accurately assess ETs' behavior, their underlying goals, and dedication to PBE development.

Understanding how ETs contribute to PBEs is particularly challenging (Müller & Turner, 2007), as PBEs often yield unpredictable outcomes, even when they are led by reputable teams (Cattani et al., 2013; De Vany, 2003). While a strong commercial reputation can signal potential for innovation and high-quality outcomes, it may also foster ETs' overconfidence and riskier decisions that diverge from investors' expectations of commercial success. When considering PBEs in the film industry, the case of director Michael Cimino exemplifies how a strong ET reputation may serve as a quality signal during the investment stage but does not guarantee commercial success. Following the success of *The Deer Hunter*, Cimino and his ET built a strong reputation, which secured them the opportunity to create a new PBE, *Heaven's Gate*, in which they exercised considerable creative freedom. Yet, this freedom led to significant budget overruns, unrealistic optimism, production delays, and a disconnect with audience preferences, ultimately resulting in a financial failure (Bach, 1999).

Thus, by analyzing ETs' commercial reputation across PBEs' investment and commercialization stages, we expect that investors overestimate ETs' contribution to PBE success. Specifically, we propose that this reputation carries more weight in investment decisions than in actual commercial success, highlighting a misalignment that motivates our *cross*-stage hypothesis:

> **H1:** An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than on the PBE's commercial success.

Moreover, investors' challenge in evaluating the commercial reputation of ETs is further complicated by the need to assess it alongside that of the distributors they collaborate with. Distributors play a crucial role in commercializing PBE products, possessing the resources and expertise necessary to navigate dynamic markets characterized by highly unpredictable and rapidly shifting consumer preferences (Kirmani & Rao, 2000; Rusco & Walls, 2004). Through ongoing interactions with retailers, distributors maintain up-to-date insights into consumer demand, allowing them to swiftly adapt their product offerings and marketing strategies (Brettel et al., 2011; Butaney & Wortzel, 1988). Their ability to effectively promote and distribute PBE products—activities that fall beyond the direct control of ETs—enables them to build a commercial reputation (Beaujanot et al., 2004; Momeni & Martinsuo, 2019). Nevertheless, investors encounter significant difficulties in evaluating this reputation. Distributors not only operate under conditions of high market uncertainty but they also rarely disclose detailed promotion strategies, and their relationships with retailers are often opaque (Caves, 2000; Cones, 1997; Dent, 2011; Frazier et al., 2009). Thus, it is complex to accurately isolate and assess the true impact of distributors on PBE success.

Consequently, when comparing the relative influence of ETs' and distributors' reputations at each stage, it becomes evident that investors may commit an attribution error (Baum & Silverman, 2004) in their investment decisions by systematically overvaluing ETs' reputation, even when the distributor's reputation can be the more critical factor in determining PBE success. Investors may overlook the distributor's stronger influence on commercialization outcomes because ETs, as the primary decision-makers and public "face" of the PBE, are more visible and accessible (DeFillippi & Arthur, 1998; Whitley, 2006), making their reputation more salient and readily available in investors' evaluations. This consideration informs our set of *within*-stage hypotheses, which examine the

differing impacts of ET and distributor reputations on investment decisions and PBE success at each stage:

H2A: An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than a distributor's commercial reputation.

H2B: A distributor's commercial reputation has a stronger positive effect on a PBE's commercial success than an ET's commercial reputation.

3 Methodology

3.1 Research setting

The film industry represents an ideal empirical setting to test our theoretical framework. (Italian) film productions are PBEs that disband as soon as the film projects for which they were specifically established are completed and their products—i.e., the films—are released on the market (DeFillippi & Arthur, 1998; Ferriani et al., 2009). In Italy, as in many other European countries, private investments constitute a vital source of funding for film productions. Private investors are private companies operating in industries different from the film context (e.g., financial intermediaries, fashion, food, consumer electronics). Being "external" to the film industry (Debande, 2018), they do not have industry-specific knowledge. In addition, these investors are profit-oriented players, who receive a small share of the final film profit (which is not publicly disclosed) and have a tax benefit from equity investments (they can deduct part of their investments from their annual taxes). In particular, private investors do not play any coordinating role in film productions. To make their investment decisions, they can evaluate ETs' and distributors' commercial reputations.

In the film industry, ETs are typically established and managed by two key team members—the film producer and the film director—who create and affiliate with the film PBE before investment decisions are made. Together, they exercise managerial and artistic control over film production within a dual leadership system (De Voogt, 2006; Ebbers & Wijnberg, 2017). Specifically, the film producer oversees financial, administrative, and managerial tasks (Hadida, 2010), while the film director is responsible for the artistic vision and creative execution (Sarris, 1963). These two members can develop a "symbiotic" relationship, making them feel part of one unique team entity that overrides personal ambitions. For example, Alvarez and Svejenova (2002) illustrate this dynamic by examining the partnership between Pedro and Agustín Almodóvar. In their collaboration, Pedro, as the director, benefits from Agustín's business acumen to support his artistic vision, while Agustín leverages Pedro's creative insights to enhance the project's commercial success.

Moreover, ETs benefit from distribution agreements with film distributors that—because of their influence on film commercialization—shape box office revenues (Ebbers & Wijnberg, 2012a; Stringer, 2013). Consequently, alongside ETs' commercial reputation, private investors also pay close attention to distributors' commercial reputations. Reputable distributors can promote films more effectively and secure more favorable exhibition terms, such as increased screen allocation from exhibitors that anticipate higher aggregate earnings from their films (Hadida, 2010; La Torre, 2014). These considerations were corroborated by interviews with key private investors in the Italian film sector. For instance, a representative from the leading bank in film investments in Italy explained: "When we have to make an investment in a film, I ask for the name of the producer, the director and the company that distributes the film, this is reassuring information for an investor."

Our dataset consists of PBEs represented by 580 Italian film productions in the period from 2010 to 2013. We selected this period because the Italian Financial Law no. 244/2007 ("external tax-credit") introduced the possibility for private equity investments in national or co-produced films, which became effective in January 2010. This law allowed private investors to receive tax incentives for investing in the Italian film industry, marking the beginning of our study period. We collected investment data by contacting the online tax-credit section of the Italian Directorate General for Cinema (DGC), affiliated with the Italian Ministry of Cultural Heritage, Activities and Tourism. We specifically requested data on tax credits claimed by external investors (in Italian: "investitori esterni") (Cinema.beniculturali.it, 2018). The DGC also provided information on state subsidies for films, one of our control variables. Moreover,

we collected data on commercial success, measured by box office revenues, as well as information on the number of film screens (a control variable), through Cinetel—the official Italian agency responsible for monitoring national ticket sales (Cinetel.it, 2018).[1] Finally, we obtained data for all other control variables from IMDb (2020) and Cinemaitaliano (2021), which are the most comprehensive and reliable sources for information on Italian films.

3.2 Variables

3.2.1 Dependent variables

To identify the effects proposed in our hypotheses, which concern PBEs' investment and commercialization stages, we considered two dependent variables—*private investments* in a PBE and the *commercial success* of a PBE—and compared the effects of our main predictors on them. First, we measured *private investments* in a PBE as the absolute size of the equity investments (in euros) in a single film production. We adjusted investment values for inflation using the Italian annual consumer price index (Ec.europa.eu, 2016) and, considering their skewed distribution, applied a logarithmic transformation to this variable (Ferriani et al., 2009). Second, we measured the *commercial success* of a PBE as cumulative box office revenues (in euros) generated by a film production in cinema theatres (Hadida, 2010). Box office revenues are a good indicator of overall commercial success since they largely determine downstream revenues after the theatrical release from television broadcasts, video-on-demand, and streaming platforms (McKenzie, 2010). We adjusted revenue values for inflation and applied a logarithmic transformation, considering their skewed distribution (Sorenson & Waguespack, 2006).

3.2.2 Independent variables

We measured the *ET's commercial reputation* exactly as in previous studies focusing on our empirical setting (e.g., Delmestri et al., 2005; Ebbers & Wijnberg, 2012a; Hadida, 2010; Tomaselli et al., 2022), which suggest that commercial reputation is based on the performance of recent films in which ET members were involved and is the most effective signal to understand the ET's recent capacities to attract theatergoers and drive investors' expectations about future potential revenue. ET's commercial reputation is calculated as the average of the commercial reputation of two key members composing the film team, i.e., the producer and director. The commercial reputation of each team member is calculated as the average box office revenue (in euros) of the three most recent films in which they participated before the investment date[2] of the film production that was the object of investors' decisions. The value of box office revenue is adjusted for inflation, and a logarithmic transformation is applied to better interpret the coefficients of our econometric estimations. We assigned the value of 0 to revenue when a producer or director was a new entrant in the industry (not credited for any previous films). Thus, when both the producer and director of a focal film were new entrants, the average value was 0.

Consistent with the ET's reputation described above, we measured the *distributor's commercial reputation* as the average box office revenue—originally in euros, then inflation-adjusted and logarithmically transformed—of the three most recent films[3] promoted by a film distributor prior to the investment date of the focal PBE (Ebbers & Wijnberg, 2012a). Because film distributors with better reputations can obtain more favorable terms from exhibitors who allocate film screens (Hadida, 2010), their reputations can influence the commercial success of PBEs, and consequently, attract potential investors.

[1] Scholars interested in the database can contact the corresponding author of this paper, or the DGC and Cinetel, which may update their website and substitute data from previous years.

[2] This date information was retrieved from the tax-credit section of the Italian DGC.

[3] Results were equivalent also when we ran our regressions by measuring the distributor's commercial reputation as the average box office revenue of the four (rather than three) most recent film productions in which the distributor participated prior to the focal PBE.

3.2.3 Control variables

To predict *private investments* and *commercial success*, we considered different control variables. First, in our sample, 10% of films involved a *foreign co-producer* (i.e., not Italian). Foreign co-productions may have a greater ability to pool financial resources, which in turn may positively influence private investments and commercial success (Mitric, 2018).[4] Thus, we created a dummy variable, assigning a value of 1 if the film production involved a foreign co-producer, and 0 otherwise.

Second, to control for (two-member, director and producer) team role composition, we measured ET members' *role overlap* by creating a dummy variable and assigning a value of 1 when both (director and producer) roles are represented by the same individual in the ET, and 0 when they are two different individuals (Ebbers & Wijnberg, 2017).

Third, to measure the *vertical integration* between ETs and distributors, we created a dummy variable, assigning a value of 1 when the ET (specifically its producer member) and the film distributor are vertically integrated, i.e., they represent the same company (20% of the PBEs in our sample), and 0 otherwise. Vertical integration is often associated with less information asymmetry between ETs and distributors (Blackstone & Bowman, 1999; La Torre, 2014).

Fourth, we control for *previous collaborations* between ETs and distributors (Swärd, 2016). These collaborations signal a capacity to achieve common goals (Kotha et al., 2018) and a greater chance of the film achieving commercial success (Sorenson & Waguespack, 2006). We measured this variable by averaging the number of collaborations between a film distributor and the respective members of the ET (i.e., film producer and director) prior to the investment date of the focal PBE. Before averaging, consistent with how we constructed our reputation measures, we determined the number of times each ET member collaborated with the distributor in their three most recent film productions (Ebbers & Wijnberg, 2012a).

Fifth, we control for *public subsidies* provided by the Italian Ministry of Culture, Activities, and Tourism. These subsidies are state funds that can serve as a crucial financial tool for attracting private investors and might enhance the public visibility of films through public advertising (La Torre, 2014).

Sixth, we control for the *experience of ETs and distributors* by accounting for the number of years that they have been active in the film industry before the investment date of the focal PBE (Delmar & Shane, 2006; Ko & McKelvie, 2018). For the ETs, this was the average number of years of experience held by the film producer and director. The value was 0 for players who were new to the industry. Experienced ETs and distributors are strongly embedded in the industry; they retain their skills and experience even after a flop and therefore can positively influence investors (Huang et al., 2022) and ultimately a film's commercial success (Cattani et al., 2008).

Seventh, considering that experienced investors could better discern PBE's potential success (Kim & Viswanathan, 2018), we control for *investors' experience*, which is the cumulated number of films financed by a single investor each year (we calculated an average of each investors' experience when multiple investors are involved in a single film). The value of the variable *investors' experience* is 0 in the first year of our dataset since this is the year investors started to invest in equity due to the introduction of the Italian tax-credit law.

Eight, we control for *cast awards*[5] to consider the possible effect of star actors within a film production (Ravid, 1999). This variable considers the first two main cast members, credited in the focal film production. We averaged the total number of award nominations and wins (as in Gemser et al., 2008) that each member collected (in the category "best actor or actress") before the focal film production. We considered the three most prestigious Italian film awards: David of Donatello, Silver Ribbon, and Italian Golden Globe (Moliterno, 2020), whose juries, respectively, comprise prominent Italian industry professionals,

[4] We also performed our regressions by controlling for the presence of minor national film producers. We created a new control variable to account for it (number of minor national coproducers). The results are very similar, and hypotheses are supported.

[5] We also tested our models using the cast's commercial reputation (i.e., the average of the box office revenue of the three most recent films where star actresses or actors participated). Results are equivalent and all our hypotheses are supported.

Italian critics, and foreign journalists (based in Italy) reporting Italian film news.

Ninth, we control for the film production genre. *Drama* is the most frequent genre in our sample (36%). Dramas may have greater aesthetic value, increasing the likelihood of receiving awards (Simonton, 2005). *Comedy* is the second most frequent genre in our sample (33%). We control for both because cultural preferences at the national level can influence a film's commercial success and the extent to which films appeal to investors (Ebbers & Wijnberg, 2012a). We created a dummy variable for each genre, assigning a value of 1 when the (comedy or drama) genre was present, and 0 otherwise.[6]

For the regression models predicting *commercial success* in the commercialization stage, we considered two additional control variables. First, the *private investments* that PBEs obtain in the previous (investment) stage, which reveal whether the investments that a film production obtains will influence its commercial success (La Torre, 2014). Second, we also controlled for whether films are released during the *high season* (Sorenson & Waguespack, 2006). We created a dummy variable, assigning a value of 1 to film productions with market release in the high season (autumn and winter, the most commercially profitable release period in Italy) and 0 otherwise (Teti et al., 2019).

3.3 Empirical model

We created a pooled cross-sectional dataset by pooling our independent units of analysis (i.e., Italian film productions from 2010 to 2013). Considering this structure, we performed pooled ordinary least squares (OLS) regressions for all models (with *commercial success* as the dependent variable) and Tobit regressions (Wooldridge, 2015) for censored models (with *private investments* as the dependent variable). A Tobit regression corrects the estimates to account for the possibility that the dependent variable takes a value of 0 (McDonald & Moffitt, 1980), such as when a private investor decides not to invest in a film production (456 left-censored observations). For the Tobit models, we measured goodness of fit using pseudo-*R*-squared, which can assume lower values than standard *R*-squared (e.g., Laursen & Salter, 2006; UCLA-SCG, 2021)). We estimated all models with robust standard errors to account for possible heteroskedasticity. The (maximum and average) variance inflation factor (VIF) values are lower than 5 in all our models, suggesting no collinearity issues (Wooldridge, 2015).

To test our first hypothesis H1 regarding the relative linear effect of the *ET's commercial reputation* across the PBE's investment and commercialization stages, we conducted a (cross-stage) comparison. We compared (the significance and magnitude of) the coefficient of the *ET's commercial reputation* in the investment stage, where *private investments* was the dependent variable, to that in the commercialization stage, where *commercial success* was the dependent variable. For this hypothesis, we also performed a *cross*-model test using "seemingly unrelated estimation" (suest code in Stata17) to confirm whether this coefficient difference was statistically significant between the models with *private investments* and *commercial success* as dependent variables (Mize et al., 2019; Ye et al., 2021).

To test our hypotheses H2A and H2B regarding the relative linear effects of the *ET's commercial reputation* and the *distributor's commercial reputation* within the stages considered, we conducted two separate (within-stage) comparisons. For H2A, we compared (the significance and magnitude of) the coefficients of these two variables in the investment stage, where *private investments* was the dependent variable. For H2B, we compared (the significance and magnitude of) the coefficients of these two variables in the commercial stage, where *commercial success* was the dependent variable. For each stage, we also performed a paired difference (two-tailed) *t*-test specific to the coefficients in order to confirm the significance of the difference between ETs' and distributors' reputations. This procedure—consistent with prior studies (e.g., Goodman & Blum, 1996; Tilleman et al., 2020)—allows us to test whether, on average, one reputation type contributes more to the outcome than the other.

[6] Even though drama and comedy film productions comprised most of our sample, we ran supplementary regressions to test for effects of less frequent genres (e.g., horror, documentary, etc.). The results (available upon request) do not change.

Table 1 Descriptive statistics and correlation matrix

	Variable	Mean	Std. dev	Min	Max	1	2	3	4	5	6
1	Commercial success (number)	1,313,419	4,004,153	76.8	48,400,000	1.000					
2	Private investments (number)	177,125	518,195	0	3,770,079	0.281***	1.000				
3	High season (dummy)	0.5	0.5	0	1	0.233***	0.190***	1.000			
4	Dist. experience (number)	18.5	22.9	0	77	0.222***	0.085*	0.143***	1.000		
5	ET experience (number)	8.5	9.9	0	57.5	0.260***	0.225***	0.095*	0.104*	1.000	
6	Investor experience (number)	0.4	1.9	0	18	0.066	0.193***	0.079 +	0.046	0.105*	1.000
7	Vertical integration (dummy)	0.2	0.4	0	1	0.145***	0.015	0.049	−0.109**	0.065	−0.038
8	Comedy (dummy)	0.3	0.5	0	1	0.339***	0.194***	0.106*	0.166***	0.177***	0.098*
9	Drama (dummy)	0.4	0.5	0	1	−0.151***	−0.010	−0.099*	−0.126**	0.022	0.031
10	Role overlaps (dummy)	0.1	0.3	0	1	−0.086*	−0.090*	−0.037	0.045	−0.135**	−0.006
11	Foreign co-producer (dummy)	0.1	0.3	0	1	−0.069 +	−0.106*	−0.085*	−0.084*	0.126**	−0.073 +
12	Public subsidies (number)	168,434	346,525	0	1,875,000	−0.038	0.078 +	−0.010	−0.032	0.231***	0.099*
13	Previous collaborations (number)	0.4	0.7	0	3	0.488***	0.281***	0.165***	0.215***	0.461***	0.070 +
14	Cast awards (number)	4.1	8.8	0	80	0.166***	0.200***	0.084*	0.068	0.239***	0.158***
15	Dist. comm. reputation (num.)	1,321,460	3,000,024	0	24,000,000	0.431***	0.168***	0.213***	0.298***	0.321***	0.057
16	ET comm. reputation (num.)	1,282,798	2,865,383	0	24,300,000	0.712***	0.361***	0.262***	0.229***	0.413***	0.068

	Variable	7	8	9	10	11	12	13	14	15	16
7	Vertical integration (dummy)	1.000									
8	Comedy (dummy)	0.047	1.000								
9	Drama (dummy)	−0.015	−0.526***	1.000							
10	Role overlaps (dummy)	−0.001	−0.129**	0.039	1.000						
11	Foreign co-producer (dummy)	−0.021	−0.146***	0.082*	−0.088*	1.000					
12	Public subsidies (number)	−0.097*	−0.025	0.203***	−0.053	0.036	1.000				
13	Previous collaborations (number)	0.258***	0.330***	−0.115**	−0.113**	−0.043	0.089*	1.000			
14	Cast awards (number)	0.009	0.169***	−0.009	−0.132**	−0.104*	0.269***	0.228***	1.000		
15	Dist. comm. reputation (num.)	0.122**	0.290***	−0.110**	−0.138***	−0.010	0.055	0.462***	0.173***	1.000	
16	ET comm. reputation (num.)	0.159***	0.370***	−0.176***	−0.088*	−0.082*	0.012	0.641***	0.258***	0.569***	1.000

$N = 580$; Mean, St. dev., Min, Max of original values. Significance (based on two-tailed test): $+p < 0.10$; $*p < 0.05$; $**p < 0.01$; $***p < 0.001$

4 Results

Descriptive statistics and correlations are reported in Table 1: here, *ET's commercial reputation* is correlated with *private investments* (0.361) as well as with *commercial success* (0.712), suggesting possible direct effects to compare. Before we estimated our models, we performed an outlier analysis on film productions' *commercial success*. To lessen the influence of extreme values, we winsorized values below the 1 st percentile (five cases) and above the 99th percentile (six cases) by imputing the values of the variable at the 1 st and 99th percentiles, respectively (Wang & Zatzick, 2019).[7]

We present the regressions used to test our hypotheses in Table 2. For censored models (with *private investments* as the dependent variable), we calculated the elasticity of our independent variable of interest (ET commercial reputation) on the censored expected value of *private investments* (StataCorp, 2023). For the uncensored models (with *commercial success* as the dependent variable), since both the dependent variable and independent variables are expressed in logarithms, the coefficients can be interpreted as elasticities (Hill et al., 2018).

The results support H1: *An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than on the PBE's commercial success*. Indeed, the effect of the *ET's commercial reputation* ($\beta = 1.260$, $p < 0.001$) on *private investments* in model 2 is significant and stronger than the effect of the *ET's commercial reputation* ($\beta = 0.114$, $p < 0.001$) on *commercial success* in model 4. This is also supported by the *cross-model* test (H_0: difference between *ET's commercial reputation* in model 2 and model 4 = 0; $\chi^2(1) = 17.52$, $p < 0.001$). In addition, in the (censored) model 2, the corresponding elasticity of *ET's commercial reputation* is 1.284, while in the (uncensored) model 4, it corresponds to the coefficient found (0.114). This means that, in the PBE's investment stage, a 1% increase in the *ET's commercial reputation* leads to a 1.284% increase in *private investments*, which results in an increase of €2274.3 above the sample mean (i.e., 1.284%*€177,125). While, in the PBE's commercialization stage, a 1% increase in the *ET's commercial reputation* leads to a 0.114% increase in *commercial success*, which results in an increase of €1497.3 above the sample mean (i.e., 0.114% * €1,313,419). Moreover, if we consider an increase in *ET's commercial reputation* from the 10th to the 90th percentile (€3,943,306), this results in an increase of €50,632.1 (1.284% * €3,943,306) in the investment stage and an increase of €4495.4 in the commercialization stage (i.e., 0.114% * €3,943,306).

The results support H2A: *An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than a distributor's commercial reputation.* Indeed, in model 2, the effect of the *ET's commercial reputation* ($\beta = 1.260$, $p < 0.001$) is significant and stronger than the effect of the *distributor's commercial reputation* ($\beta = -0.144$, n.s.). This is also supported by the *within-model* test (H_0: mean difference between *ET's commercial reputation* and *distributor's commercial reputation* = 0, $p < 0.001$).

The results also support H2B: *A distributor's commercial reputation has a stronger positive effect on a PBE's commercial success than an ET's commercial reputation.* In model 4, the effect of the *distributor's commercial reputation* ($\beta = 0.145$, $p < 0.001$) is significant and stronger than the effect of the *ET's commercial reputation* ($\beta = 0.114$, $p < 0.001$). This is also supported by the *within-model* test (H_0: mean difference between *ET's commercial reputation* and *distributor's commercial reputation* = 0, $p < 0.001$). This means that a 1% increase in the *distributor's commercial reputation* leads to a 0.145% increase in *commercial success*, which results in an increase of €1904.5 above the sample mean (i.e., 0.145%*€1,313,419). Moreover, if we consider an increase in *distributor's commercial reputation* from the 10th to the 90th percentile (€4,218,626), this results in an increase of €6117.0 in the commercialization stage (i.e., 0.145% * €4,218,626). Finally, all results[8] are summarized in Table 3.

[7] We also ran our regressions without winsorizing the outliers for film productions' *commercial success* below the 1 st percentile and above the 99th percentile. The results, including the cross-model test and within-model test (available upon request), confirm our hypotheses.

[8] We also explored the interaction between ETs' and distributors' reputations, finding it insignificant for investments but positive and significant for commercialization ($\beta = 0.014$, $p < 0.001$). This aligns with our hypotheses, as investors may overlook the complementarity of these reputations during investment decisions, while it plays a key role in driving PBEs' commercial success.

Table 2 Regressions with robust standard errors

	Model 1 Private investments (ln)	Model 2 Private investments (ln)	Model 3 Commercial success (ln)	Model 4 Commercial success (ln)
Control variables				
Dist. experience (number)	−0.021	−0.022	−0.001	−0.009*
	(0.599)	(0.603)	(0.739)	(0.022)
ET experience (number)	0.181*	−0.076	0.061***	0.013
	(0.038)	(0.438)	(0.000)	(0.241)
Investor experience (number)	2.032***	1.748***	0.068 +	0.045
	(0.000)	(0.000)	(0.064)	(0.163)
Vertical integration (dummy)	−3.842 +	−3.379	−0.792**	−0.270
	(0.088)	(0.138)	(0.001)	(0.270)
Comedy (dummy)	11.538***	10.794***	1.861***	1.705***
	(0.000)	(0.000)	(0.000)	(0.000)
Drama (dummy)	6.860**	7.150**	0.486*	0.453*
	(0.010)	(0.007)	(0.037)	(0.040)
Role overlap (dummy)	−4.433	−4.315	−0.737**	−0.327
	(0.127)	(0.125)	(0.003)	(0.171)
Foreign co-producer (dummy)	−4.690	−4.220	0.842**	0.737*
	(0.164)	(0.217)	(0.007)	(0.011)
Public subsidies (ln)	0.336*	0.275 +	0.052***	0.023
	(0.019)	(0.053)	(0.001)	(0.109)
Previous collaborations (number)	2.508 +	0.722	1.250***	0.688***
	(0.069)	(0.613)	(0.000)	(0.000)
Cast awards (number)	0.247**	0.166*	0.028**	0.021*
	(0.001)	(0.029)	(0.003)	(0.025)
Private investments (ln)			0.067***	0.045**
			(0.001)	(0.008)
High season (dummy)			0.825***	0.759***
			(0.000)	(0.000)
Independent variables				
Dist. commercial reputation (ln)		−0.144 ***H2A***		0.145*** ***H2B***
		(0.583)		(0.000)
ET's commercial reputation (ln)		1.260*** ***H1***		0.114*** ***H1***
		(0.000)		(0.000)
Constant	−22.512***	−29.416***	8.383***	6.844***
	(0.000)	(0.000)	(0.000)	(0.000)
R2	0.104 (pseudo)	0.125 (pseudo)	0.521	0.599
Adjusted R2	-	-	0.510	0.588
F	17.194	16.779	69.265	79.913
Mean Vif	1.25	1.43	1.29	1.47
Highest Vif	1.64	2.19	1.69	2.25

H1 is supported by the cross-model test ($p < 0.001$), indicating no difference in ET's commercial reputation between models 2 and 4. **H2A** and **H2B** are supported by the within-model test ($p < 0.001$), indicating no mean difference between ET's and the distributor's commercial reputation within models 2 and 4, respectively. $N = 580$; p-values in parentheses; significance levels (two-tailed test): + $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table 3 Summary of hypotheses and results

Hypothesis		Predictors	Effect on the outcome		Result
			Investment stage	Commercialization stage	
H1	*An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than on the PBE's commercial success*	IV = ET com. reputation	DV = investments ($\beta = 1.260$, $p < 0.001$)	DV = C. Success ($\beta = 0.114$, $p < 0.001$)	$\beta_{\text{ET rep.}}$ on INV. > $\beta_{\text{ET rep.}}$ on C.SUC + cross-model test ($p < 0.001$) Supported
H2A	*An ET's commercial reputation has a stronger positive effect on attracting investments in a PBE than a distributor's commercial reputation*	IV = ET com. reputation	DV = investments ($\beta = 1.260$, $p < 0.001$)	-	$\beta_{\text{ET rep.}}$ on INV. > $\beta_{\text{distributor rep.}}$ on INV + within-model test ($p < 0.001$) Supported
		IV = Dist. com. reputation	DV = investments ($\beta = -0.144$, n.s.)	-	
H2B	*A distributor's commercial reputation has a stronger positive effect on a PBE's commercial success than an ET's commercial reputation*	IV = ET com. reputation	-	DV = C. Success ($\beta = 0.114$, $p < 0.001$)	$\beta_{\text{distributor rep.}}$ on C.SUC. > $\beta_{\text{ET rep.}}$ on C.SUC + within-model test ($p < 0.001$) Supported
		IV = Dist. com. reputation	-	DV = C. success ($\beta = 0.145$, $p < 0.001$)	

5 Robustness checks

We performed several robustness checks (available upon request) to corroborate our results and further support the validity of our hypotheses. First, to test the validity of H1, H2A, and H2B, although the coefficients of *ET's commercial reputation* and *distributor's commercial reputation* are directly comparable (i.e., they have the same unit of measurement), we performed additional regressions using standardized variables, obtaining similar results. Second, results are also equivalent when we ran our regressions by measuring the *distributor's commercial reputation* as the average box office revenue of the four (rather than three) most recent film productions in which the distributor participated prior to the focal PBE (Ebbers & Wijnberg, 2012a). Third, for the regression models predicting *commercial success*, we also performed our models by adding the film production's target budget (and included a dummy variable to capture the effect of 159 missing values), i.e., the film production's total inflation-adjusted cost (Debande, 2018). We obtained similar results. Fourth, we also performed our models predicting *commercial success* by controlling for *opening weekend screens*—the number of screens allocated by exhibitors to a film production on its opening weekend (from Thursday to Sunday) in cinema theaters (Gemser et al., 2007). Although this variable is highly correlated with *commercial success*, it can capture the level of marketing efforts of distributors with respect to ETs—when allocating such screens. We obtained very similar results. Fifth, results are also similar when we included time dummies (for each year in our sample) to check for possible fixed time effects (Wooldridge, 2015).

Finally, to account for a hypothetical non-random matching between film producers (as ET members)[9] and distributors, we also conducted a three-stage model. In the first stage, we built a dataset of all possible producer-distributor match combinations (105,001 total) from our original sample, which included 580 actual matches. Using this dataset, we ran a conditional logit regression (McFadden, 1974),

[9] Film producers are the ET members who typically negotiate promotion agreements with distributors (Cones, 1997; Zeng, 2024).

predicting the probability that a producer and a distributor are matched with each other (1 if matched, 0 otherwise) based on their respective *industry experience*, a proxy for capability and reliability (Cohen & Dean, 2005). This experience had a significant positive effect on the probability of matching ($\beta = 0.008$, $p < 0.001$ for producers' experience; $\beta = 0.016$, $p < 0.001$ for distributors' experience). From this regression, we derived the *matching probability* variable, i.e., the predicted likelihood of a match, ranging from 0 (min. likelihood) to 1 (max. likelihood). In the second stage, with investments in PBEs as the outcome (580 films for which a match is observed), the *matching probability* was included as a control alongside main predictors, while ETs' and distributors' industry experience were excluded to avoid multicollinearity. Here, the *matching probability* variable was not significant ($\beta = -7.233$, n.s.). Next, in the third stage, where commercial success of PBEs was the outcome (580 films for which a match is observed), the *matching probability* was again included, along with main predictors and controls. Here, it was slightly significant and negative ($\beta = -1.973$, $p < 0.10$). Both investment and commercial success estimates controlling for *matching probability* support our hypotheses—H1: ET's reputation affects investments ($\beta = 1.204$, $p < 0.001$) more than success ($\beta = 0.128$, $p < 0.001$); H2A: ET's reputation affects investments ($\beta = 1.204$, $p < 0.001$) more than a distributor's ($\beta = -0.139$, n.s.); H2B: Distributor's reputation affects success ($\beta = 0.146$, $p < 0.001$) more than an ET's ($\beta = 0.128$, $p < 0.001$), confirmed by the cross-model and within-model tests.

6 Discussion

Our study provides two key contributions to entrepreneurship research by analyzing the context of PBEs in the film industry—a setting marked by short project lifecycles, limited flexibility, and rapidly shifting consumer preferences—where noisy quality signals are difficult for investors to interpret. First, we contribute to the entrepreneurship literature on signals (Colombo, 2021; Courtney et al., 2017; Vismara, 2018) and advance discussions on how signals shape investment decisions in PBEs (Delmestri et al., 2005; Ebbers & Wijnberg, 2012a; Hadida et al., 2019; Tomaselli et al., 2022). Specifically, we examine how investors interpret the commercial reputation of ETs—who play a crucial role in PBE development—as an observable signal of unobservable PBE quality, by comparing the impact of this signal across two critical stages: investment and commercialization. Building on Bergh et al.'s (2014) critique that prior studies often assume signals reliably convey venture quality without fully assessing whether this actually occurs and results in a separating equilibrium between high- and low-quality ventures, we examine whether ETs' commercial reputation reliably signals quality. Our findings reveal that while the commercial reputation of ETs significantly influences investment decisions, it has a weaker impact on actual PBEs' commercial success. By highlighting this misalignment, we reveal a breakdown in the signal confirmation process (Bergh et al., 2014; Blaseg et al., 2021; Colombo et al., 2019) between investors' expectations of ETs' reputation and its actual impact on success. The lack of signal confirmation suggests that ETs' reputation functions more as a heuristic in investor decision-making than as a reliable indicator of venture quality. As this confirmation is a key condition for a separating equilibrium to occur, and because this condition is not met, investors fail to accurately distinguish between high- and low-quality PBEs based on ET reputation alone.

Second, we respond to Colombo et al.'s (2023) call for deepening the understanding of new venture valuations in contexts that constrain rational decision-making, while also addressing Connelly et al.'s (2025) call for insights into multi-party signaling, where multiple signalers can influence investors. Prior research on investment decisions in non-temporary ventures suggests that signals from affiliated third parties significantly shape these decisions (e.g., Colombo et al., 2019; Plummer et al., 2016; Stuart et al., 1999; Vanacker & Forbes, 2016). In contrast, by focusing on distributors as key affiliates of ETs in the PBE context, we find that when investors assess the commercial reputation signals from both actors, they seem to rely exclusively on ETs' commercial reputation, while we fail to find empirical evidence that distributors' commercial reputation influences their investment decisions. This is particularly significant because, when we "zoom in" on distributor reputation as a quality signal (Connelly et al., 2025), we find it to be the strongest predictor of PBEs' commercial success. Such a misalignment, between the

reputation investors rely on when making investment decisions and the reputation that better predicts PBEs' success, further indicates that a separating equilibrium between low- and high-quality PBEs is unlikely. Moreover, by demonstrating this insight, our analysis contributes to a cognitive perspective in entrepreneurship research (Bafera & Kleinert, 2023; Drover et al., 2018) and suggests that investors tend to misinterpret signals from different signalers, potentially committing an attribution error (Baum & Silverman, 2004) by overvaluing ETs' reputation while overlooking the critical role of distributors. Since individual attention is a scarce resource and processing multiple signals is difficult (Colombo et al., 2023), this misattribution may stem from ETs' strategic influence (DeFillippi & Arthur, 1998; Whitley, 2006), making their signals more prominent at the investment stage and causing investors to overlook the downstream role of distributors in commercialization.

Our study offers three practical implications. First, although distributors' reputation is an important signal for investment decisions,[10] we found that investors tend to overemphasize ETs' commercial reputation—a signal with lower predictive value for commercial success—while underestimating the importance of distributors' reputation, which is instead a stronger predictor of success. Thus, when investors jointly assess these reputations, they should more carefully weigh their relative predictive value to improve investment forecasting and resource allocation. Second, ETs should recognize the strategic value of distributors not only in commercialization but also in attracting investments. By cultivating strong relationships with reputable distributors and involving them in investment negotiations, ETs can help investors better understand the critical role distributors play in achieving commercial success. Third, while ETs' commercial reputation influences investments in PBEs, investors should avoid relying solely on this signal, as it may lead to overestimating ETs' capabilities. To make more informed decisions, they should consider additional quality signals that reflect the ETs' dedication to PBE success. For example, evidence of discipline in executing PBEs according to their original plans could signal strategic consistency and alignment with investor expectations.

This study has some limitations, which also point to possible avenues for future research. First, in our dependent variables, we used box office revenue as a measure of commercial success. Future studies could explore alternative success metrics, such as net profits or downstream revenue from traditional TV, video-on-demand, and streaming platforms. However, pursuing this approach may present challenges, as profit calculations are often obscured by opaque accounting practices, and streaming platforms typically do not disclose performance data (Idiz et al., 2022). Second, although the film industry provides an ideal empirical setting for studying ETs and distributors in PBEs, future research could test our theory in other contexts with similar characteristics, such as knowledge-intensity industries or those with high market uncertainty, for instance, in high-tech industries, like biotech (Ebers & Powell, 2007) or software development (Giarratana & Torrisi, 2010). Finally, while we focused on profit-oriented private investors without particular industry-specific knowledge, future studies could explore the perspectives of other investor types, such as institutional investors in creative industries. Investigating how these—potentially more knowledgeable—investors interpret and prioritize quality signals could enhance our understanding of signal interpretation and decision-making (i.e., accuracy) in PBEs.

7 Conclusion

ET quality signals are often used by investors to make investment decisions in new ventures. By studying the PBE context—where it is difficult to determine whether quality signals reflect real dedication to developing successful PBEs—we provide two key insights. First, investors' expectations about ETs' commercial reputation as a predictor of PBEs' commercial success are not confirmed. Second, when investors assess the commercial reputation of ETs alongside that of their affiliated distributors, they tend to overweight ETs' reputation, even though distributor reputation is a more reliable predictor of commercial success. This likely stems from the greater visibility—and signal accessibility—of ETs as the public "face" of the PBE, leading investors to underappreciate the critical role distributors play in commercialization outcomes. Since

[10] This was also emphasized by the investors interviewed to corroborate our industry understanding.

investors fail to correctly assess ETs' and distributors' quality signals, a separating equilibrium between low- and high-quality PBEs is unlikely to occur. We hope our findings encourage future research on how investors evaluate specific quality signals and how these signals confirm their expectations about venture success in highly uncertain contexts like PBEs.

Acknowledgements The authors are grateful to the editor, Prof. Silvio Vismara, and the three anonymous reviewers for their valuable guidance. We thank Martin Obschonka (University of Amsterdam), Cynthia Devers (Virginia Tech), Marc Junkunc (Washington & Lee University), Kent Baker (American University), Daniel Gamache (University of Georgia), Phillip Kim (Babson College), Giovanni Cardillo (Bologna University), Michele Piazzai (Carlos III, University of Madrid), and Deniz Maden (University of Amsterdam) for comments on previous versions of this manuscript. We also thank colleagues from Bologna University and all the scholars who participated in the paper's presentation at the Academy of Management Conference (Atlanta, 2017). This study has been made possible with the help of the *Italian General Directorate for Cinema*, film experts (directors, producers, distributors, film consultants), and investors, which gave important advice about the mechanisms underlying the film industry. In particular, Alberto Baldini (BNL Paribas), Andrea Cirla (Good films), Stefano Massenzi (Lucky Red), Iole Maria Giannattasio (Mibact), Valerio Vago (Banca Popolare di Vicenza), and Roberto Chicchiero (Cinetel).

Author contribution All authors contributed equally to the manuscript.

Data availability The data of this study are available from the corresponding author upon request.

Declarations

Ethical approval Ethical approval was not required, as the study findings do not involve human participants or animals.

Conflict of interest The authors declare no competing interests.

References

Alvarez, J. L., & Svejenova, S. (2002). Symbiotic careers in movie making: Pedro and Agustin Almodovar. In M. A. Peiperl, M. B. Arthur, and N. Anand (eds), *Career creativity: Explorations in the remaking of work* (183–208). Oxford. https://doi.org/10.1093/oso/9780199248711.003.0010

Bach, S. (1999). *Final cut: Art, money, and ego in the making of Heaven's Gate, the film that sank United Artists*. Newmarket Press.

Bafera, J., & Kleinert, S. (2023). Signaling theory in entrepreneurship research: A systematic review and research agenda. *Entrepreneurship Theory and Practice, 47*(6), 2419–2464. https://doi.org/10.1177/10422587221138489

Baker, H. K., & Ricciardi, V. (2014). How biases affect investor behaviour. *The European Financial Review*, *February–March*, pp. 7–10. https://ssrn.com/abstract=2457425

Bakker, R. M., DeFillippi, R. J., Schwab, A., & Sydow, J. (2016). Temporary organizing: Promises, processes, problems. *Organization Studies, 37*(12), 1703–1719. https://doi.org/10.1177/0170840616655982

Baum, J. A., & Silverman, B. S. (2004). Picking winners or building them? Alliance, intellectual, and human capital as selection criteria in venture financing and performance of biotechnology startups. *Journal of Business Venturing, 19*(3), 411–436. https://doi.org/10.1016/s0883-9026(03)00038-7

Beaujanot, A. Q., Lockshin, L., & Quester, P. (2004). Distributors' business characteristics, buyer/seller relationship and market orientation: An empirical study of the Australian wine export industry. *Journal of Marketing Channels, 12*(1), 79–100. https://doi.org/10.1300/J049v12n01_05

Bergh, D. D., Connelly, B. L., Ketchen, D. J., Jr., & Shannon, L. M. (2014). Signalling theory and equilibrium in strategic management research: An assessment and a research agenda. *Journal of Management Studies, 51*(8), 1334–1360. https://doi.org/10.1111/joms.12097

Blackstone, E. A., & Bowman, G. W. (1999). Vertical integration in motion pictures. *Journal of Communication, 49*(1), 123–139. https://doi.org/10.1111/j.1460-2466.1999.tb02785.x

Blaseg, D., Cumming, D., & Koetter, M. (2021). Equity crowdfunding: High-quality or low-quality entrepreneurs? *Entrepreneurship Theory and Practice, 45*(3), 505–530. https://doi.org/10.1177/1042258719899427

Brettel, M., Engelen, A., Müller, T., & Schilke, O. (2011). Distribution channel choice of new entrepreneurial ventures. *Entrepreneurship Theory and Practice, 35*(4), 683–708. https://doi.org/10.1111/j.1540-6520.2010.00387.x

Busenitz, L. W., Fiet, J. O., & Moesel, D. D. (2005). Signaling in venture capitalist—New venture team funding decisions: Does it indicate long–term venture outcomes? *Entrepreneurship Theory and Practice, 29*(1), 1–12. https://doi.org/10.1111/j.1540-6520.2005.00066.x

Butaney, G., & Wortzel, L. H. (1988). Distributor power versus manufacturer power: The customer role. *Journal of*

Marketing, 52(1), 52–63. https://doi.org/10.1177/002224298805200105

Butticè, V., Collewaert, V., Stroe, S., Vanacker, T., Vismara, S., & Walthoff-Borm, X. (2022). Equity crowdfunders' human capital and signal set formation: Evidence from eye tracking. *Entrepreneurship Theory and Practice, 46*(5), 1317–1343. https://doi.org/10.1177/10422587211026860

Cason, T. N., Tabarrok, A., & Zubrickas, R. (2024). Signaling quality: How refund bonuses can overcome information asymmetries in crowdfunding. *Management Science*. https://doi.org/10.1287/mnsc.2023.03923

Cattani, G., Ferriani, S., Negro, G., & Perretti, F. (2008). The structure of consensus: Network ties, legitimation, and exit rates of US feature film producer organizations. *Administrative Science Quarterly, 53*(1), 145–182. https://doi.org/10.2189/asqu.53.1.145

Cattani, G., Ferriani, S., Mariani, M. M., & Mengoli, S. (2013). Tackling the "Galácticos" effect: Team familiarity and the performance of star-studded projects. *Industrial and Corporate Change, 22*(6), 1629–1662. https://doi.org/10.1093/icc/dtt001

Caves, R. E. (2000). *Creative industries: Contracts between art and commerce* (No. 20). Harvard University Press.

Cinema.beniculturali.it. (2018). Direzione Generale per il Cinema. 'Tax-credit investitori esterni'. Available at: https://cinema.cultura.gov.it/cosa-facciamo/sostegni-economici/linee-di-sostegno/tax-credit/produzione-investitori-esterni/ [retrieved in June 2018].

Cinemaitaliano (2021). 'Tutto il nuovo cinema italiano lo trovi qui'. Available at: https://www.cinemaitaliano.info/ricercafilm.php?tipo=anno [retrieved in April 2021].

Cinetel.it. (2018). Box-office di ieri. Available at: https://www.cinetel.it/pages/p.php?idtxpg=5&titolo=Contatti [retrieved in June 2018].

Cohen, B. D., & Dean, T. J. (2005). Information asymmetry and investor valuation of IPOs: Top management team legitimacy as a capital market signal. *Strategic Management Journal, 26*(7), 683–690. https://doi.org/10.1002/smj.463

Collet, F., Robertson, D. A., & Lup, D. (2014). When does brokerage matter? Citation impact of research teams in an emerging academic field. *Strategic Organization, 12*(3), 157–179. https://doi.org/10.1177/1476127014530124

Colombo, O. (2021). The use of signals in new-venture financing: A review and research agenda. *Journal of Management, 47*(1), 237–259. https://doi.org/10.1177/0149206320911090

Colombo, M. G., Meoli, M., & Vismara, S. (2019). Signaling in science-based IPOs: The combined effect of affiliation with prestigious universities, underwriters, and venture capitalists. *Journal of Business Venturing, 34*(1), 141–177. https://doi.org/10.1016/j.jbusvent.2018.04.009

Colombo, M. G., Montanaro, B., & Vismara, S. (2023). What drives the valuation of entrepreneurial ventures? A map to navigate the literature and research directions. *Small Business Economics, 61*(1), 59–84. https://doi.org/10.1007/s11187-022-00688-5

Cones, J. W. (1997). *The feature film distribution deal: A critical analysis of the single most important film industry agreement.* SIU Press.

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management, 37*(1), 39–67. https://doi.org/10.1177/0149206310388419

Connelly, B. L., Certo, S. T., Reutzel, C. R., DesJardine, M. R., & Zhou, Y. S. (2025). Signaling theory: State of the theory and its future. *Journal of Management, 51*(1), 24–61. https://doi.org/10.1177/01492063241268459

Cooney, T. M. (2005). Editorial: What is an entrepreneurial team? *International Small Business Journal, 23*(3), 226–235. https://doi.org/10.1177/0266242605052131

Courtney, C., Dutta, S., & Li, Y. (2017). Resolving information asymmetry: Signaling, endorsement, and crowdfunding success. *Entrepreneurship Theory and Practice, 41*(2), 265–290. https://doi.org/10.1111/etap.12267

De Vany, A. (2003). Hollywood economics: How extreme uncertainty shapes the film industry. Routledge.

De Voogt, A. (2006). Dual leadership as a problem-solving tool in arts organizations. *International Journal of Arts Management*, *9*, 17–22. https://www.jstor.org/stable/41064894

Debande, O. (2018). Film finance: The role of private investors in the European film market. In P. C. Murschetz, R. Teichmann, and M. S. Karmasin (Eds.), *Handbook of state aid for film* (pp. 51–66). Springer. https://doi.org/10.1007/978-3-319-71716-6_4

DeFillippi, R. J., & Arthur, M. B. (1998). Paradox in project-based enterprise: The case of film making. *California Management Review, 40*(2), 125–139. https://doi.org/10.2307/41165936

DeFillippi, R. (2015). Managing project-based organization in creative industries. In *The Oxford handbook of creative industries*. Eds. Jones, C., Lorenzen, M., Sapsed, J.: 268–283. https://doi.org/10.1093/oxfordhb/9780199603510.001.0001

Delmar, F., & Shane, S. (2006). Does experience matter? The effect of founding team experience on the survival and sales of newly founded ventures. *Strategic Organization, 4*(3), 215–247. https://doi.org/10.1177/1476127006066596

Delmestri, G., Montanari, F., & Usai, A. (2005). Reputation and strength of ties in predicting commercial success and artistic merit of independents in the Italian feature film industry. *Journal of Management Studies, 42*(5), 975–1002. https://doi.org/10.1111/j.1467-6486.2005.00529.x

Dent, J. (2011). *Distribution channels: Understanding and managing channels to market.* Kogan Page Publishers.

Di Novo, S., Fazio, G., Sapsed, J., & Siepel, J. (2022). Starving the golden goose? Access to finance for innovators in the creative industries. *Journal of Cultural Economics, 46*(2), 345–386. https://doi.org/10.1007/s10824-022-09448-5

Drover, W., Wood, M. S., & Corbett, A. C. (2018). Toward a cognitive view of signalling theory: Individual attention and signal set interpretation. *Journal of Management Studies, 55*(2), 209–231. https://doi.org/10.1111/joms.12282

Ebbers, J. J., & Wijnberg, N. M. (2012a). Nascent ventures competing for start-up capital: Matching reputations and investors. *Journal of Business Venturing, 27*(3), 372–384. https://doi.org/10.1016/j.jbusvent.2011.02.001

Ebbers, J. J., & Wijnberg, N. M. (2012b). The effects of having more than one good reputation on distributor investments in the film industry. *Journal of Cultural Economics, 36*, 227–248. https://doi.org/10.1007/s10824-012-9160-z

Ebbers, J. J., & Wijnberg, N. M. (2017). Betwixt and between: Role conflict, role ambiguity and role definition in project-based dual-leadership structures. *Human Relations, 70*(11), 1342–1365. https://doi.org/10.1177/0018726717692852

Ebers, M., & Powell, W. W. (2007). Biotechnology: Its origins, organization, and outputs. *Research Policy, 36*(4), 433–437. https://doi.org/10.1016/j.respol.2007.04.001

Ec.europa.eu (2016). European Commission. Available at: http://ec.europa.eu/index_en.htm [retrieved in September 2016].

Edelman, L. F., Manolova, T. S., Brush, C. G., & Chow, C. M. (2021). Signal configurations: Exploring set-theoretic relationships in angel investing. *Journal of Business Venturing, 36*(2), 106086. https://doi.org/10.1016/j.jbusvent.2020.106086

Faulkner, R. R., & Anderson, A. B. (1987). Short-term projects and emergent careers: Evidence from Hollywood. *American Journal of Sociology, 92*(4), 879–909. https://doi.org/10.1086/228586

Ferriani, S., Cattani, G., & Baden-Fuller, C. (2009). The relational antecedents of project-entrepreneurship: Network centrality, team composition and project performance. *Research Policy, 38*(10), 1545–1558. https://doi.org/10.1016/j.respol.2009.09.001

Frazier, G. L., Maltz, E., Antia, K. D., & Rindfleisch, A. (2009). Distributor sharing of strategic information with suppliers. *Journal of Marketing, 73*(4), 31–43. https://doi.org/10.1509/jmkg.73.4.031

Gemser, G., Van Oostrum, M., & Leenders, M. A. (2007). The impact of film reviews on the box office performance of art house versus mainstream motion pictures. *Journal of Cultural Economics, 31*(1), 43–63. https://doi.org/10.1007/s10824-006-9025-4

Gemser, G., Leenders, M. A., & Wijnberg, N. M. (2008). Why some awards are more effective signals of quality than others: A study of movie awards. *Journal of Management, 34*(1), 25–54. https://doi.org/10.1177/0149206307309258

Giarratana, M., & Torrisi, S. (2010). Foreign entry and survival in a knowledge-intensive market: Emerging economy countries' international linkages. Technology Competences, and Firm Experience. *Strategic Entrepreneurship Journal, 4*, 85–104. https://doi.org/10.1002/sej.84

Goodman, J. S., & Blum, T. C. (1996). Assessing the non-random sampling effects of subject attrition in longitudinal research. *Journal of Management, 22*(4), 627–652. https://doi.org/10.1177/014920639602200405

Grosskopf, B., & Sarin, R. (2010). Is reputation good or bad? An Experiment. *American Economic Review, 100*(5), 2187–2204. https://doi.org/10.1257/aer.100.5.2187

Hadida, A. L. (2010). Commercial success and artistic recognition of motion picture projects. *Journal of Cultural Economics, 34*(1), 45–80. https://doi.org/10.1007/s10824-009-9109-z

Hadida, A. L., Heide, J. B., & Bell, S. J. (2019). The temporary marketing organization. *Journal of Marketing, 83*(2), 1–18. https://doi.org/10.1177/0022242918813119

Havens, T. J. (2003). On exhibiting global television: The business and cultural functions of global television fairs. *Journal of Broadcasting & Electronic Media, 47*(1), 18–35. https://doi.org/10.1207/s15506878jobem4701_2

Higgins, M. C., & Gulati, R. (2006). Stacking the deck: The effects of top management backgrounds on investor decisions. *Strategic Management Journal, 27*(1), 1–25. https://doi.org/10.1002/smj.495

Hill, R. C., Griffiths, W. E., & Lim, G. C. (2018). *Principles of econometrics*. John Wiley & Sons.

Hobday, M. (2000). The project-based organisation: An ideal form for managing complex products and systems? *Research Policy, 29*(7–8), 871–893. https://doi.org/10.1016/S0048-7333(00)00110-4

Hoenig, D., & Henkel, J. (2015). Quality signals? The role of patents, alliances, and team experience in venture capital financing. *Research Policy, 44*(5), 1049–1064. https://doi.org/10.1016/j.respol.2014.11.011

Hsu, D. H. (2007). Experienced entrepreneurial founders, organizational capital, and venture capital funding. *Research Policy, 36*(5), 722–741. https://doi.org/10.1016/j.respol.2007.02.022

Hsu, D. H., & Ziedonis, R. H. (2013). Resources as dual sources of advantage: Implications for valuing entrepreneurial-firm patents. *Strategic Management Journal, 34*(7), 761–781. https://doi.org/10.1002/smj.2037

Huang, S., Pickernell, D., Battisti, M., & Nguyen, T. (2022). Signalling entrepreneurs' credibility and project quality for crowdfunding success: Cases from the Kickstarter and Indiegogo environments. *Small Business Economics,* 1–21. https://doi.org/10.1007/s11187-021-00477-6

Huovinen, S., & Pasanen, M. (2010). Entrepreneurial and management teams: What makes the difference? *Journal of Management & Organization, 16*(3), 436–453. https://doi.org/10.5172/jmo.16.3.436

Idiz, D. R., Irion, K., Ebbers, J. J., & Vliegenthart, R. (2022). European audiovisual media policy in the age of global video on demand services: A case study of Netflix in the Netherlands. *Journal of Digital Media & Policy, 12*(3), 425–449. https://doi.org/10.1386/jdmp_00070_1

IMDb (2020). The Internet Movie Database. Available at: www.imdb.com [retrieved in May 2020].

Johnsen, M. (2023). The business of filmmaking: Building a business and networking strategies in the movie industry. Maria Johnsen.

Kim, K., & Viswanathan, S. (2018). The 'Experts' in the crowd: The role of experienced investors in a crowdfunding market. *Mis Quarterly.* https://www.jstor.org/stable/26847868

Kirmani, A., & Rao, A. R. (2000). No pain, no gain: A critical review of the literature on signaling unobservable product quality. *Journal of Marketing, 64*(2), 66–79. https://doi.org/10.1509/jmkg.64.2.66.18000

Kleinert, S., Bafera, J., Urbig, D., & Volkmann, C. K. (2022). Access denied: How equity crowdfunding platforms use quality signals to select new ventures. *Entrepreneurship Theory and Practice, 46*(6), 1626–1657. https://doi.org/10.1177/10422587211011945

Ko, E. J., & McKelvie, A. (2018). Signaling for more money: The roles of founders' human capital and investor prominence in resource acquisition across different stages of firm development. *Journal of Business Venturing, 33*(4), 438–454. https://doi.org/10.1016/j.jbusvent.2018.03.001

Kotha, R., Crama, P., & Kim, P. H. (2018). Experience and signaling value in technology licensing contract payment structures. *Academy of Management Journal, 61*(4), 1307–1342. https://doi.org/10.5465/amj.2015.1233

La Torre, M. (2014). The economics of the audiovisual industry: Financing TV, film and web. *Palgrave Macmillan*. https://doi.org/10.1057/9781137378477_8

Laursen, K., & Salter, A. (2006). Open for innovation: The role of openness in explaining innovation performance among UK manufacturing firms. *Strategic Management Journal, 27*(2), 131–150. https://doi.org/10.1002/smj.507

Mataigne, V., Meoli, M., Vanacker, T., & Vismara, S. (2025). False signaling by platform team members and post-campaign venture outcomes: Evidence from an equity crowdfunding platform. *Journal of Business Venturing, 40*(1), 106457. https://doi.org/10.1016/j.jbusvent.2024.106457

McDonald, J. F., & Moffitt, R. A. (1980). The uses of Tobit analysis. *Review of Economics and Statistics, 60*(2), 318–321. https://doi.org/10.2307/1924766

McFadden, D. (1974). *Conditional logit analysis of qualitative choice behavior*. Zarembka P, ed. Frontiers in Econometrics (Academic Press, New York), 105–142. https://escholarship.org/uc/item/61s3q2xr

McKenzie, J. (2010). How do theatrical box office revenues affect DVD retail sales? Australian empirical evidence. *Journal of Cultural Economics, 34*(3), 159–179. https://doi.org/10.1007/s10824-010-9119-x

Mitric, P. (2018). The European co-production treaties: A short history and a possible typology. In J. Hammet-Jamart (Ed.), *European film and television co-production* (pp. 63–82). Palgrave Macmillan.

Mize, T. D., Doan, L., & Long, J. S. (2019). A general framework for comparing predictions and marginal effects across models. *Sociological Methodology, 49*(1), 152–189. https://doi.org/10.1177/0081175019852763

Mochkabadi, K., & Volkmann, C. K. (2020). Equity crowdfunding: A systematic review of the literature. *Small Business Economics, 54*, 75–118. https://doi.org/10.1007/s11187-018-0081-x

Moliterno, G. (2020). *Historical dictionary of Italian cinema*. Rowman & Littlefield Publishers.

Momeni, K., & Martinsuo, M. (2019). Going downstream in a project-based firm: Integration of distributors in the delivery of complex systems. *International Journal of Project Management, 37*(1), 27–42. https://doi.org/10.1016/j.ijproman.2018.09.007

Müller, R., & Turner, R. (2007). The influence of project managers on project success criteria and project success by type of project. *European Management Journal, 25*(4), 298–309. https://doi.org/10.1016/j.emj.2007.06.003

Phelan, S. E., & Lewin, P. (1999). Paradox in project-based enterprise: What paradox. *California Management Review, 42*(1), 180–186.

Plummer, L. A., Allison, T. H., & Connelly, B. L. (2016). Better together? Signaling interactions in new venture pursuit of initial external capital. *Academy of Management Journal, 59*(5), 1585–1604. https://doi.org/10.5465/amj.2013.0100

Posen, H. E., Leiblein, M. J., & Chen, J. S. (2018). Toward a behavioral theory of real options: Noisy signals, bias, and learning. *Strategic Management Journal, 39*(4), 1112–1138. https://doi.org/10.1002/smj.2757

Ravid, S. A. (1999). Information, blockbusters, and stars: A study of the film industry. *The Journal of Business, 72*(4), 463–492. https://doi.org/10.1086/209624

Rhee, M., & Haunschild, P. R. (2006). The liability of good reputation: A study of product recalls in the US automobile industry. *Organization Science, 17*(1), 101–117. https://doi.org/10.1287/orsc.1050.0175

Rusco, F. W., & Walls, W. D. (2004). Independent film finance, pre-sale agreements, and the distribution of film earnings. In V. A. Ginsburgh (Ed.), *Economics of the arts and culture: Contributions to economic analysis* (Vol. 260, pp. 19–32). Elsevier. https://doi.org/10.1108/S0573-8555(2003)0000260005

Sarris, A. (1963). The auteur theory and the perils of Pauline. *Film Quarterly, 16*(4), 26–33. https://doi.org/10.2307/3185951

Shapiro, C. (1983). Premiums for high quality products as returns to reputations. *The Quarterly Journal of Economics, 98*(4), 659–679. https://doi.org/10.2307/1881782

Simon, H. A. (1955). A behavioral model of rational choice. *The Quarterly Journal of Economics*, 99–118. https://doi.org/10.2307/1884852

Simonton, D. K. (2005). Film as art versus film as business: Differential correlates of screenplay characteristics. *Empirical Studies of the Arts, 23*(2), 93–117. https://doi.org/10.2190/DM5Y-FHEM-CXQT-UEXW

Sorenson, O., & Waguespack, D. M. (2006). Social structure and exchange: Self-confirming dynamics in Hollywood. *Administrative Science Quarterly, 51*(4), 560–589. https://doi.org/10.2189/asqu.51.4.560

Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review, 92*(3), 434–459. https://doi.org/10.1257/00028280260136200

StataCorp (2023). Marginal means, predictive margins, and marginal effects. Stata Press. https://www.stata.com/manuals/rmargins.pdf

Stringer, J. (2013). Movie blockbusters Routledge https://doi.org/10.4324/9781315012919

Stuart, T. E., Hoang, H., & Hybels, R. C. (1999). Interorganizational endorsements and the performance of entrepreneurial ventures. *Administrative Science Quarterly, 44*(2), 315–349. https://doi.org/10.2307/2666998

Svetek, M. (2022). Signaling in the context of early-stage equity financing: Review and directions. *Venture Capital, 24*(1), 71–104. https://doi.org/10.1080/13691066.2022.2063092

Swärd, A. (2016). Trust, reciprocity, and actions: The development of trust in temporary inter organizational relations. *Organization Studies, 37*, 1841–1860. https://doi.org/10.1177/0170840616655488

Sydow, J., Lindkvist, L., & DeFillippi, R. (2004). Project-based organizations, embeddedness and repositories of knowledge. *Organization Studies, 25*(9), 1475–1489. https://doi.org/10.1177/0170840604048162

Teti, E., Tomasi, G., & Barchitta, F. (2019). Public tax credits and the film industry: An analysis of the Italian system. *Creative Industries Journal, 12*(1), 48–65. https://doi.org/10.1080/17510694.2018.1553479

Tilleman, S. G., Russo, M. V., & Nelson, A. J. (2020). Institutional logics and technology development: Evidence from the wind and solar energy industries. *Organization Science, 31*(3), 649–670. https://doi.org/10.1287/orsc.2019.1320

Tomaselli, A., Ebbers, J. J., & Torluccio, G. (2022). Investments in nascent project-based enterprises: The interplay between role-congruent reputations and institutional endorsement. *Organization Studies, 43*(4), 595–622. https://doi.org/10.1177/0170840621994521

Troise, C., Giovando, G., Jabeen, F., & Bresciani, S. (2024). Unveiling the role of entrepreneurial teams in the equity crowdfunding journey. *Small Business Economics*, 1–22. https://doi.org/10.1007/s11187-024-00873-8

UCLA Statistical Consulting Group. (2021). Tobit analysis. Stata data analysis examples. Available at: https://stats.idre.ucla.edu/stata/dae/tobit-analysis/ [retrieved in May 2021].

Vanacker, T., & Forbes, D. P. (2016). Disentangling the multiple effects of affiliate reputation on resource attraction in new firms. *Organization Science, 27*(6), 1525–1547. https://doi.org/10.1287/orsc.2016.1090

Vanacker, T., Forbes, D. P., Knockaert, M., & Manigart, S. (2020). Signal strength, media attention, and resource mobilization: Evidence from new private equity firms. *Academy of Management Journal, 63*(4), 1082–1105. https://doi.org/10.5465/amj.2018.0356

Vismara, S. (2018). *Signaling to overcome inefficiencies in crowdfunding markets* (pp. 29–56). Springer International Publishing. In: Hornuf, L., spsampsps Cumming, D. (2018). The economics of crowdfunding: Startups, portals and investor behavior. Taylor spsampsps Francis Limited. https://doi.org/10.1007/978-3-319-66119-3_3

Wang, T., & Zatzick, C. D. (2019). Human capital acquisition and organizational innovation: A temporal perspective. *Academy of Management Journal, 62*(1), 99–116. https://doi.org/10.5465/amj.2017.0114

Whitley, R. (2006). Project-based firms: New organizational form or variations on a theme? *Industrial and Corporate Change, 15*(1), 77–99. https://doi.org/10.1093/icc/dtj003

Wooldridge, J. M. (2015). *Introductory econometrics: A modern approach.* Cengage Learning.

Ye, Y., Yu, W., & Nason, R. (2021). Performance feedback persistence: Comparative effects of historical versus peer performance feedback on innovative search. *Journal of Management, 47*(4), 1053–1081. https://doi.org/10.1177/0149206320916225

Zeng, W. (2024). Navigating the new age: Exploring operations and modern business models in film and television production. *Highlights in Business Economics and Management, 28*, 1–7. https://doi.org/10.54097/gfffnh20