

JULES OR JIM: ALTERNATIVE CONFORMITY TO MINORITY LOGICS

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To what extent do organizations respond favorably to minority participation—that is, conform to demands from minority resource suppliers that hold an unconventional logic? A favorable response to minority participation (i.e., “alternative conformity”) helps decrease the influence of dominant players, alter the resource suppliers’ social structure, and promote new logics, which makes alternative conformity a “soft control strategy” for organizations. We expect a positive relationship between minority participation and alternative conformity and expect that relationship to be attenuated by organizations’ adherence to a dominant logic, the centrality of minority logic holders, and a minority logic’s institutional credit. We test and find strong support for our hypotheses using original data on investment funds in the French film industry (1994–2008).

Firms and organizations in general confront more and more situations in which they need to cater to conflicting resource holder demands and different logics. Entrepreneurs face diverging investors’ expectations, and many large corporations must meet both their bottom line and sustainability requirements simultaneously. Cultural organizations (e.g., museums, filmmakers, or art galleries) need to combine public good and profit-based logics in their actions, and, in the aftermath of the 2007–08 financial crisis, manufacturing firms, insurance companies, and banks had to respond to the demands of new shareholders in the form of government agencies that provided capital alongside their traditional shareholders. In all these cases, although a dominant resource provider and its logic maintain hegemony over organizations, minority actors promoting alternative institutional logic(s) challenge their influence. This study seeks to explain organizations’ conforming to the demands of the latter, a situation we call *alternative conformity*. Such alternative conformity has been ignored in past research despite the frequency of its occurrence and its

importance in accounting for gradual change in institutions.

Organizations are both supported and bounded by their environments: in responding to environmental demands to secure the resources they need, they face pressures to conform to various external expectations, a situation that is particularly consistent with both resource dependence and neoinstitutional theories. Resource dependence theory addresses how organizations counteract the power of key resource holders (Pfeffer & Salancik, 1978), and neoinstitutionalists study how organizations adopt structures and practices to address critical environmental demands so as to gain legitimacy (Meyer & Rowan, 1977; Oliver, 1997). As Oliver (1991) noted, both theories hold that organizations seek legitimacy, are driven by self-interest, and are averse to uncertainty.

At first glance, neither theory would appear to suggest that minority logic holders would trigger any significant conformity response from organizations to which they supply resources. Resource dependence scholars view organizations as coalitions of interests among which influence and control are negotiated and allocated to the “organizational participants which are most critical to the organization’s continued survival and success” (Pfeffer & Salancik, 1978: 36). Per this view, organizations conform to external actors’ demands to the extent that these actors have discretion over resources that are both critical and scarce. Mergers and acquisitions (Casciaro & Piskorski, 2005; Finkelstein, 1997), joint ventures and alliances (Lester, Hill-

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man, Zardkoohi, & Cannella, 2008; Xia, 2011), and changes in board composition (Katila, Rosenberger, & Eisenhardt, 2008) are material responses made by firms seeking to alleviate their dependence on major resource holders. As Pfeffer (2003) nevertheless underscored in the introduction to a new edition of *The External Control of Organizations*, the presence of various different logics of capitalism raises new challenges for adherents of resource dependence theory, who have tended to ignore the dynamics of organizational conformity to minority resource suppliers (Davis & Cobb, 2010).

For institutionalists, organizations cater first to the salient demands of important actors that could challenge their legitimacy; thus, again, they have no clear need to attend to the demands of minority logic holders, or to decouple symbolic and technical procedures to meet these demands. Looking at questions of conformity, neoinstitutionalism-inspired studies mostly examine the consequences of decoupling (MacLean & Behnam, 2010; Philippe & Durand, 2011; Tilcsik, 2010) or deviance (Durand, Rao, & Monin, 2007; Phillips & Zuckerman, 2001) vis-à-vis dominant players. And although a growing number of studies document settings in which several institutional logics coexist and compete, they tend to emphasize field-level changes in identities (Reay & Hinings, 2009), practices (Lounsbury & Crumley, 2007), and discourses (Dunn & Jones, 2010), rather than the degree of organization-level conformity to minority logics (for an exception, see Greenwood, Diaz, Li, and Lorente [2010]).

We draw on the idea expressed by resource dependence scholars that conformity is engaging and more than symbolic, and the neoinstitutionalist notion that conformity is more probabilistic than deterministic, more a continuous than a binary variable (Marquis & Lounsbury, 2007; Thornton & Ocasio, 2008). We argue that organizations may conform to minority logics as a means to move their environment in a direction that reduces or counters the influence of dominant players, alters the social structure of resource suppliers, and promotes new logics of action in an industry. Hence, we examine how these factors play out in explaining what we call alternative conformity, or conformity to the demands of minority logic holders. We suggest organizations may modulate their conforming behaviors in response to resource supply according to how much they adhere to the dominant logic in their industry, how central the minority logic providers are, and the extent to which the minority logic has already garnered institutional credit.

In empirical terms, we study French film-making organizations that are involved with both traditional film investors (including producers and me-

dia distributors) and specialized investment funds called “soficas” (from “sociétés pour le financement de l’industrie cinématographique et audiovisuelle”). We combine exhaustive data from several unique sources on 2,531 films made over the period 1994–2008. Soficas are accountable to market investors and thus present filmmakers with demands that conflict with the taken-for-granted values and goals widely shared by traditional French film investors. Soficas remain only secondary investors in the industry, supplying between 7 and 12 percent of the total investments over our study period; thus, filmmakers need not apply for their funds. The French film industry thus makes an interesting setting in which to study how organizations have responded concretely to the demands of minority logic investors. We look at the extent to which film-making organizations conformed to soficas’ expectations by committing resources to opening their films in a wide range of theaters on the first week of their release and find evidence to support our hypotheses after correcting for endogeneity.

We expand resource dependence and neoinstitutionalist perspectives by analyzing situations that concern minority logic holders directly and their interactions with dominant players. Despite supplying limited resources, minority investors influence organizations’ material engagements in accordance with their new logics. We show that organizations’ conformity to minority logic holders’ demands is contingent on past logic adherence at the organizational level, socialization processes at the resource suppliers’ level, and accumulated institutional credit in favor of the new logic. Organizations appear to use alternative conformity as a *soft control strategy* to resist resource and ideological pressures from dominant players. Although it does not threaten dominant players and, for this reason, has largely been ignored, we suggest that alternative conformity is a powerful mechanism for altering prevailing practices, resource engagements, and institutional order.

ORGANIZATIONAL CONFORMITY TO EXTERNAL DEMANDS

As open systems, organizations depend on and “enact” their environments to access critical resources—both material (e.g., financial capital, production inputs) and symbolic (e.g., legitimacy) resources—to operate, survive, and thrive. To ensure continuation of the much-needed flows of both productive and legitimizing resources, they must conform to exogenously imposed demands to satisfy those who control those resources. We define *con-*

formity as an objective modification of organizational behavior that accedes to the requests or expectations that resource holders formulate and promote according to their own institutional logics.

Institutional logics provide the “rules of the game” in a given organizational context, shaping how actors perceive and act on reality (Friedland & Alford, 1991; Thornton & Ocasio, 1999). In most industries, a single institutional logic, generally one established by dominant players, reigns. When external participants (e.g., investors, raters) hold distinct logics, they are likely to have different expectations and demands about how organizations ought to behave, prompting the question of why and to what extent organizations may choose to conform to or deviate from the dominant industry logic. For instance, the chefs who conformed to *nouvelle cuisine* principles, a minority logic in France in 1970–85, helped give credit to a new logic and challenged the industry order (Rao, Monin, & Durand, 2005). Institutional credit characterizes the comprehensive acceptance of a logic in an industry. By definition, minority logic holders promote a contrasting logic and lack credit. Although we use “minority” chiefly to characterize those whose logic lacks prevalence, minority logic holders are also expected to control a relatively minor share of an industry’s pool of critical resources: logics and resources are linked together, since the schemata composing logics “are the effects of resources, just as resources are the effects of schemas” (Sewell, 1992: 13). Minority participation is a minority logic holder’s supplying resources to or investing in an organization. The organization’s conforming to minority logic holders’ demands is an “alternative” to conforming only to the interests and logics of the dominant resource holders.

Prior works on conformity essentially conceive of organizations as constrained by powerful resource holders (Pfeffer & Salancik, 1978; Zuckerman, 1999). The resource dependence perspective emphasizes the influence of “organizational participants,” identified as individuals or organizations that participate in the coalition of interests governing an organization and that, in pursuit of their own interests, attempt to impose their own agendas on the focal organization. As organizations are unable to respond to every environmental demand, those faced with conflicting expectations are thus expected to base their decisions about conformity on the criticality of the demands involved (Pfeffer & Salancik, 1978: 27–28). Empirical works in this tradition tend to focus on the tactics organizations deploy to escape external constraints, from more or less coordinated efforts (e.g., alliances, cooptation)

to constraint absorption (e.g., mergers, acquisitions), and rely on industry-level data. As Casciaro and Piskorski (2005) illustrated in their study of M&As among U.S. public corporations, resource dependence studies typically examine patterns of material exchanges (i.e., inputs-outputs) across industries (Burt, 1983; Finkelstein, 1997) and rarely account for variations in the intensity of organizations’ responses to resource holders holding different logics. Averaging results at the industry level opens the “ecological fallacy” trap that has been denounced as a limitation of resource dependence theory (Davis & Cobb, 2010: 27).

Whereas resource dependence theory underlines pressures to conform to dominant participants’ individual interests, the institutional perspective points to various selection forces originating from the broader institutional context. Organizations are pressed to comply with taken-for-granted norms, logics, and rules or risk losing legitimacy (Deephouse & Suchman, 2008; Meyer & Rowan, 1977). Even more than in resource dependence theory, conformity is conceived of as a constraint (Oliver, 1991, 1997) that depends on the variety and prevalence of institutional logics (e.g., Dunn & Jones, 2010) more than on the agendas of individual self-interested actors. Thornton and Ocasio (1999) explained how the changes in structural forms of American publishing houses (e.g., refocusing on their core business or opening top executive positions to MBA graduates) corresponded to changes in firm behaviors to conform to a (financial) market logic. Zuckerman (1999) argued that stock-market-listed firms are pressured to conform to a single institutionalized market category used by securities analysts. In this view, conformity is not a property of dyadic relationships between an organization and external participants, but rather relates to its relationship with a larger external audience and its shared understandings about what the organization should do (see Tolbert and Zucker [1997] for a detailed account of this objectification process).

But the assumption of audience obedience may not always hold, and it is particularly likely to vary when minority logic holders enter the game. For instance, Espeland and Sauder (2007) documented how a new category of agency—raters—entered the U.S. higher education sector and challenged how universities regarded themselves and their competitors, while, in a related context, Durand and McGuire (2005) studied how the internationalization of the American-based AACSB accreditation agency challenged the social hierarchy of European business schools and elicited a countervailing effort toward establishing a European accreditation system. In their longitudinal study of the U.S. fea-

ture film industry, Cattani, Ferriani, Negro, and Perretti (2008) found more evidence that the level of consensus among resource holders (in their case, film distributors) is not stable over time. In fact, a growing body of evidence suggests that many organizations do not operate in homogeneous institutional environments, but rather face institutional pressures nested in competing institutional logics operating at the societal level (Friedland & Alford, 1991; Greenwood et al., 2010).

Recent studies document the coexistence of two competing logics in a wide variety of settings: the U.S. medical education sector (Dunn & Jones, 2010), the nascent Bolivian microfinance industry (Battilana & Dorado, 2010), and the field of genetically modified mice (Murray, 2010). In such cases, organizations face conflicting institutional demands (Kraatz & Block, 2008; Lounsbury, 2007; Rao et al., 2005) with different historically and socially elaborated logics presenting conflicting interpretations of how organizations ought to behave. In all these cases, the preexisting institutional order was eventually upended, but this may not be an inevitable outcome: logics can gradually gain credit without achieving dominant status, suggesting that a complete shift in institutional prevalence is not a necessary precondition to study of why and to what extent organizations might respond to minority participation by acceding to minority logic holders' demands.

ALTERNATIVE CONFORMITY

The resource dependence theory assumption is that, at the industry level, organizations develop actions to counter their dependency on major resource holders. Where a given resource is available from a plurality of holders, some will be more established and powerful than others, and precedence will be given to them. The institutional logic framework offers two main variations. First, conformity is a conditional process (Bicchieri, 2005; Thornton & Ocasio, 2008: 106): as environments' and organizations' characteristics vary, so will organizational propensities to conform to dominant or minor resource suppliers' requirements. Second, logics are not viewed only as constraints, but also seen as resources that organizations can draw on as basis for action (Friedland & Alford, 1991: 253), recasting the conformity question in different terms. When facing pressures to conform to different sets of institutionalized norms and rules, organizations may have some latitude in addressing logics with distinct institutional credit (Battilana & Dorado, 2010; Creed, DeJordy, & Lok, 2010; Powell & Colyvas, 2008). Conformity to a minority logic in

the case of minority participation may seem an unlikely response, but it may also provide organizations with opportunities to shape environmental constraints and alter the makeup of their institutional environments.

Against this backdrop, we consider two groups of suppliers, dominant and minority, for an essential resource, each holding a distinct institutional logic. By definition, the latter both extol a distinct logic with lower institutional credit and supply a smaller share of the essential resource than the dominant players. Dominant resource holders act to ensure organizations employ their resources according to their institutional logics. As in the cases mentioned in our introduction (private-public investors in technological ventures, cultural production, and bailout plans) minority participation—that is, resource supply to or investment in an organization by a minority logic holder—does not threaten this established institutional order: dominant logic holders still control the majority of resource stocks and flows, legitimacy access, and symbolic granting (e.g., of awards), among other things.

When minority participation occurs, organizations can use alternative conformity (i.e., modification of their behavior to accord with the minority resource providers' logic) to reduce the control their dominant resource providers enjoy. They can increase their chances of securing the resources they need by being able to source them from two alternative origins (dominant and minority suppliers) and reduce the overlap with rival organizations for accessing the rare and critical resources controlled by dominant players. Complying with the requests from supplementary types of suppliers allows organizations to mitigate the direct pressure exerted by dominant resource providers in both present and future investment situations (Smith, 2011). As dominant logic holders still supply the greatest share of resources, substantive and symbolic, they are not per se challenged at the organizational level, and so need not retaliate.

When organizations accept minority logic holders' participation and make material and visible changes according with their demands, the mutual dependence between organizations and minority logic players increases (Casciaro & Piskorski, 2005; Xia, 2011). As a consequence, organizations contribute to socializing low-credit players into their industry, a process that entails a gradual displacement of dominant players in the industry's social network and leads to the erosion of their institutional credit (Rowley, 1997). As their involvement in the industry increases, minority logic participants learn about the industry's "tricks of the trade" and become better known and more accept-

able to more central players. This interconnectedness between different kinds of logic holders alters the social structure of the industry, weakening the most powerful and central suppliers—a desirable outcome for focal organizations. Complying with minority logic holders' demands makes these players matter in the industry, helping focal organizations temper what dominant resource holders can impose on them.

As enactors of their institutional environments, organizations may also conform to minority logics to alleviate the symbolic pressures exerted by dominant resource holders. Organizations become more actors in their own destinies the more they are aware of alternative logics and practices (Meyer, 2010). They can contribute to accruing institutional credit for minority logics. By acceding in concrete, material ways to minority logics' demands in return for their participation, the unorthodox views, rules, and norms of minority logic holders are introduced to an industry, gain an audience, and become audible and credible: alternative conformity widens debate about industry practices, values, and norms (Zietsma & Lawrence, 2010). For the above reasons (control; alteration of social structure; logic promotion), we expect alternative conformity to be positively related to minority logic holders' participation:

Hypothesis 1. The greater the degree of participation of minority logic holders in an organization, the more it will conform to the related logic—that is, exhibit alternative conformity.

Oliver (1991: 153) stressed that an organization's conformity depends on its awareness of institutional processes and its own interests. In the same way, control, social structuration, and logic promotion favor alternative conformity, but their influence varies according to each organization's awareness and willingness to influence its institutional environment and relative dependencies on dominant resource holders.

Established organizations whose sustained practice involves both receiving resource supplies from and giving repeated obedience to dominant suppliers are embedded in their field and entrenched in its order and dominant logic. Resources are attached to logics of action and a corresponding institutional order (Sewell, 1992), and organizations that have adhered the most to dominant logic holders' demands partake in their establishment and share their values and interests. When agreeing to receive minority participation, relative to neutral peers, more entrenched organizations suffer less from dominant resource suppliers' demands and need less to gain control over them (they are con-

tent with the status quo); they are less willing to alter the social structure of the industry and transfer their own legitimacy to minority players (the social structure is favorable to them); they do not have much interest in promoting a new logic of actions (they share beliefs and interests with dominant logic holders). As a result, past ideological adherence to dominant players makes organizations less aware and willing to respond favorably to minority logic holders' demands in response to their participation:

Hypothesis 2. The stronger an organization's adherence to dominant players' logic in the past, the lower the association between minority participation and the organization's degree of alternative conformity.

The various links organizations have with dominant and minority resource suppliers create direct and indirect associations between logic holders at the resource supply level (Fernandez & Gould, 1994; Rowley, 1997). As a result, the position of minority logic holders in a resource supply network evolves as their affiliations with focal organizations and dominant resource holders develop. In their awareness of and willingness to loosen the dominant players' yoke, organizations will be likely to respond differently to minority participation contingent on whether minority logic holders are more or less central to the supply network (Borgatti, 2005; Freeman, 1979). Tying an organization with peripheral minority players characterizes a heightened awareness and willingness to counterbalance majority resource suppliers' domination. Demonstration of independence and thus control over dominant resource suppliers is stronger and more salient when minority participation comes from peripheral logic holders, as it appears more threatening for the established resource suppliers. Engaging with peripheral minority suppliers alters the resource supply networks more deeply since it increases the mutual dependence between organizations and minority logic holders and brings the alternative logic closer to the network core (Casciaro & Piskorski, 2005). Logic promotion intensifies when minority logic holders that participate in an organization's enterprise are more peripheral than central, because the less central minority logic holders are also less socialized and more radical in their advocacy of their own logic (Leblebici, Salancik, Copay, & King, 1991; Phillips & Zuckerman, 2001). Therefore, the effects of control, social structuration, and logic promotion on an organization's alternative conformity will be stronger when the minority participation proceeds from more peripheral logic holders. Hence:

Hypothesis 3. The more central minority resource suppliers are in a network of resource providers, the lower the association between minority participation and an organization's degree of alternative conformity.

An organization's awareness of and willingness to conform to a minority logic is likely to vary inversely with the degree of institutional credit that the logic has accumulated in its industry (Lounsbury, 2007). The more evidence adds up to show that minority logic holders have gained acceptance in the industry (and thus that their logic has gained credit), the lower are benefits of increased control, alteration of social structure, and new logic promotion. As cases in which organizations resort to minority resource suppliers accumulate, for each new minority participation, the counterbalancing effect of minority resource providers on dominant players' power fades away, because of normalization of the minority logic and the socialization of its proponents. As the institutional credit of minority logic increases, minority participations have a diminishing effect on the social structure of resource suppliers. Finally, as the acceptance of minority logics becomes more obvious, for each new case of minority participation, organizations' need and willingness to promote the minority logic weakens. For these reasons, as credit favorable to minority logic holders accumulates, the strength of the relationship between receiving minority players' resources and alternative conformity diminishes. Thus:

Hypothesis 4. The more institutional credit a minority logic has accumulated, the lower the association between minority participation and an organization's degree of alternative conformity.

EMPIRICAL SETTING: TWO LOGICS OF FILM PRODUCTION

Born in the 1890s from the Lumière Brothers' invention of the cinematograph, the French film industry was profoundly transformed by two post-World War II phenomena that set it apart from more market-oriented film industries (e.g., Hollywood). First, although a set of cultural changes led to the gradual institutionalization of film as an art form throughout the 20th century in the Western world (Baumann, 2001), the movement was particularly pronounced in France. Benefiting from the legal doctrine of moral rights (Marvin, 1971), which give them authority over their "final cuts," directors (*auteurs*) became increasingly central in the French industry, gaining public exposure at major events

such as the Cannes Film Festival (created in 1946). The *nouvelle vague* movement of the 1960s, theorized in the pamphlet *A Certain Idea of French Cinema* (Truffaut, 1954) provided directors and critics with symbolic resources linking films with art and made the ethos of the French film industry antithetic to the overt search for financial profits (Martin, 1995).

Second, the fierce competition from Hollywood films after World War II led the French state to intervene increasingly in the industry's organization. The Blum-Byrnes agreement on war debts forced France to open its theatrical market to foreign films, prompting the state to the counteracting effort of creating the Centre National de la Cinématographie (CNC), a government agency with wide regulatory powers. Gradually, the CNC implemented a set of policies aimed at sheltering producers from financial risk and protecting and enhancing the national cultural legacy, in accordance with a doctrine now known as "cultural exception" (Caplan & Cowen, 2004). Various subsidies and presale guarantees meant French film producers were typically accountable for less than one-third of total film budgets, dramatically different from the situation in the U.S. market. The overall effect of these moves was to confirm artistic creativity and cultural diversity, not financial success, as the main imperatives driving film production in France. Producers who did make box office successes were expected to reinvest their profits in new projects, again valuing artistic considerations over financial objectives. Embedded over the years, this locally rooted institutional logic was supported by a large industry consensus (Demil & Leca, 2003).

The Minority Logic of Market Finance

But by the early 1980s, despite several decades of this protective policy, the number of French films produced each year had declined dramatically, as had film attendance. The average French film budget increased, with determined competition from American movies making them even less likely than before to break even. At the same time, other forms of cultural production pulled producers' limited funds away from movies (particularly toward production for television, where the number of channels grew from one in 1974 to six in 1986). In 1985, the French government created a new mechanism designed to entice private capital into film production, establishing a new form of tax shelter applicable exclusively to investment in film production (Eling, 1999). Specialized investment funds—*soficas*—were instituted to raise film production funds from financial markets. Founded by

banks and regulated by financial market authorities, *soficas* were modeled on equity funds, with individuals' investments being partially tax-deductible. Importantly, they also brought a stricter financial imperative to an industry not historically structured around financial maximization. As their short life spans reinforced the need for a quick return on investment, the arrival of *sofica* investment funds opened the film industry up to an alternative logic, that of market finance.

Accountable to their market investors, *sofica* managers are expected to act like venture capitalists, picking film projects that minimize risks and maximize short-term expected returns. As a *sofica* founder and former manager points out, investors and financial institutions "exert a constant pressure on *sofica* managers to yield higher returns than announced originally" (Chevalier, 2008: 12). As financial companies, *soficas* are less sensitive to the normative expectations of such professional gatekeepers as performers' unions, art house associations, and critics and so impose significantly different demands on film-making organizations than do traditional French film producers. Being focused on financial returns, *soficas* are likely to give precedence to commercial considerations, whereas traditional producers, although not against breaking even or making a profit, are more obliged to focus on the cultural and artistic goals embedded in the traditional industry logics.

In the period under study (1994–2008), *soficas* raised a total €445m from financial markets that was directly reinvested into film production. Overall, the contribution of *soficas* was about 8.5 percent of the budgets of the films they invested in, covering a much-needed share of production costs but by no means a leading proportion. Directors could still fund their movies via the traditional sources (including traditional film producers and media companies), which continued to represent the great majority of film financing. Hence, *soficas* fit our definition of minority logic holders in that they constitute an alternative to the dominant film industry logic and also control critical but relatively limited resources.

Alternative Conformity to the Market Finance Logic of *Soficas*

The demands *soficas*, as minority logic holders, present to filmmakers depart significantly from those of traditional film producers. In particular, the two types of film investors are likely to disagree on an appropriate release strategy, and particularly on the number of screens on which a film opens. Theatrical releases are crucial for filmmakers as

they largely determine the fate of a movie in the theatrical market, and later in ancillary markets, including video, television, and international (Ainslie, Drèze, & Zufryden, 2005). As a result, all decisions regarding releases are a prime contractual responsibility of filmmakers, who ultimately incur the cost of print and advertising and have the final word in disagreements with distributors. We expect financially driven *soficas* to support wide releases, following what has been described as "saturation booking," "take the money and run" (Hadida, 2009) or "blitz" release strategies (De Vany & Walls, 1997). Such tactics are conceived to build anticipation prior to theatrical release through major advertisement and media publicity campaigns and to accumulate as much revenue as possible before word-of-mouth starts spreading (Eliashberg, Jonker, Sawhney, & Wierenga, 2000). Given the high uncertainty of the film business (Caves, 2000), *soficas* are likely to value such strategies as driving toward profit maximization and risk minimization: blitz releasing helps secure revenues whatever the intrinsic quality of a film and the level of moviegoers' appreciation.

In line with the film industry logic's emphasis on cultural diversity and quality, the gatekeepers of the film industry logic regularly voice concerns about blitz releases, accusing those who employ such strategies of preempting the theatrical market and depriving higher-quality films of the chance to be seen and to build audiences. In this dominant logic, movie audiences are given rather than built through marketing techniques. Proper releases strategies are designed to "exhaust the potential audience" (De Baecque, 2004: II) a film may have and contrast with "Kleenex strategies that multiply prints . . . and sacrifice films that need time to find their audience" (De Baecque, 2004: III). In 2004, a group of film directors circulated a petition to "liberate screens," expressing concern that blitz releases would wreck the chances of so-called "films d'auteurs" to survive in the market and calling for the demise of the "financial logic" in which films are no more than "ordinary mass market products" (De Baecque, 2004: III). Similar worries are regularly expressed by such professional organizations as the Film Directors Society: "It is not rare to observe five films occupying 70% of the 5,400 French screens, directly impacting competition: other releases are barely visible and have increasingly short lifecycles. Dozens of films are not given a chance to meet the audience in the first week of their release" (Société des Réalisateurs de Films, 2006: 4). Under the film industry's dominant logic, every film deserves a chance to encounter its own audience, which is why, despite being financially

attractive, flooding the market with prints is regarded as inappropriate and as a violation of an important and embedded industry norm. By contrast, the financial logic seeks to create large audiences from scratch, and quickly. As a sofica manager put it in one of our interviews: "Distribution is everything. After investing, my primary concern is to make sure that films are properly marketed and released as soon and as largely as possible." As a consequence, release strategies are likely to be a major area of difference between the two types of resource holders: while soficas may push filmmakers to secure revenues through blitz-like releases, traditional film producers may remain reluctant to do so. Thus, the breadth of theatrical screenings in the first week of a film's release can be seen as an indicator of the extent of a film-making organization's conformity to the minority logic of soficas.

DATA AND METHODS

Unlike most film industry studies, which typically rely on distribution data, our work focuses on the production side of the industry. We documented the dominant logic of the French film industry and the minority logic of soficas using archival materials (sofica prospectuses, newspaper articles, and regulatory reports) and building on semistructured interviews with sofica managers, financial brokers, and industry regulators (Thornton, Ocasio, & Lounsbury, 2012). Under a unique non-disclosure agreement, the CNC provided us with detailed (and previously unexploited) data on the 2,818 films that went into production between 1994 and 2008, including some not subsequently released. There are reasons to believe that this data set is exhaustive: all French film production projects have to go through the CNC for accreditation (a process known as "agrément") to qualify for advantages that significantly reduce their production costs, and thus producers' financial risks. We removed 283 projects that had not been released by the end of our period (for which few data were therefore available), as well as 4 titles made for the "Géode" IMAX theater, as being atypical niche products not shown in regular theaters, leaving us with 2,531 films produced in France between 1994 and 2008 and subsequently released in theaters.

We used data from the Registre Public du Cinéma et de l'Audiovisuel (the Film Public Register), which was instituted in 1944 to ensure the transparency of the intellectual property exchange market, to trace back the contractual relationships between firms involved in film production in the study period. We identified 8,232 production contracts related to films produced during the period,

of which 1,489 involved sofica funding. Again, we are confident the data are complete: contract registration is a legal requirement, and courts use Film Public Register records in litigated cases. The contracts allowed us to faithfully and exhaustively reconstruct the resource provider network in the relevant period, which we found comprised 18,072 ties between 2,340 distinct firms. We completed our data set with additional data from the professional database Ciné Box Office, weekly issues of *Le Film Français* (a trade journal), and the Cannes Festival's online archives.

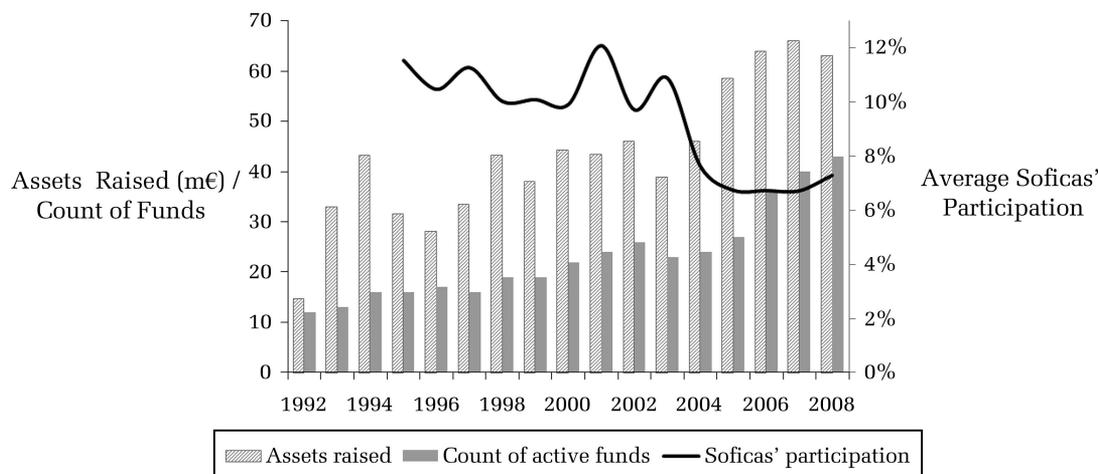
Although the sofica scheme actually started in 1986, partial data availability before 1994 and tepid success of the initiative prevented us from observing the effects of soficas on the film industry in its early years.¹ Banks began in the early 1990s to guarantee investors minimum yields to increase the attractiveness of sofica financial products, which spurred interest, leading to a gradual (although not continuous) growth of the number of funds and total assets in subsequent years (Figure 1). During this time however, the average contribution of soficas remained relatively low, in the range of 7–12 percent of production budgets, slightly lower in later years. A dummy variable used to control for the few funds established before 1994 proved non-significant and was not retained in the displayed models. We also introduced a dummy variable in unreported models to identify films produced in 2008 (the last year of our data) to investigate possible right-censoring issues: the effect of the dummy variable appeared nonsignificant, suggesting right censoring was not a major concern either.

Measures

Dependent variable. In keeping with our definition of conformity as being continuous rather than dichotomous, we interpret the breadth of a film release (i.e., the number of prints distributed the first week of exploitation) as indicating filmmakers' conformity to soficas' market finance logic. We therefore used the natural log of the number of prints distributed as a measure of *alternative*

¹ The market finance logic had not significantly pervaded the industry and remained a minority logic in 1994. Past studies have shown that institutionalization processes and blending of opposing logics take at least 15 years (Lounsbury, 2007; Rao et al., 2005; Thornton & Ocasio, 1999). In our setting, sofica investment activity did not really start to take off until 1994. The number of new funds actually fell from nine in 1986 to four in 1991, and their total assets shrank from the equivalent of €40m to €15m, less than the full budgets of three movies.

FIGURE 1
Population of Active Soficas, Volume of Assets Raised, and Average Soficas' Participation in a Film's Production Budget (1992–2008)



conformity, continuously capturing film release breadth: the more prints distributed (and thus screens occupied), the closer a film's release strategy approaches the blitz model—that is, the more it aligns with the market finance logic and departs from the dominant film industry logic. We chose this variable because print numbers are directly under filmmakers' control, and thus the variable fit our definition of conformity as illustrating concrete engagement by a production organization.

Independent variables and moderators. The independent variable *minority participation* captures the involvement of minority logic holders in film-making organizations as the natural log of the amounts invested by soficas, and it was constructed by identifying production contracts involving soficas from the Film Public Register and retrieving the amounts invested from the contract details. When more than one sofica invested in a film, the amounts were summed. This continuous measure allows for a precise assessment of soficas' material involvement in the making of a film. Note that soficas finance production costs, not print and advertising expenditures. We used a two-stage estimation procedure (as explained below), in which a film's budget served as an instrument to predict the value of minority participation in the first estimation step. For that reason, we used total investment amount as our independent variable rather than the proportion of sofica investments in a film's total budget; although results were similar, the instruments' exogeneity was significantly weaker using the latter indicator.

Three moderating variables were used to test our model. We measured the concept of *logic adherence* by counting the number of "art & essai" mov-

ies a director had been involved with before directing the focal film. The "art & essai" classification was created during the Nouvelle Vague movement by directors, critics, and theater owners from the Association of French Art House Theatres to celebrate "all creative endeavors with unlimited freedom" (<http://www.art-et-essai.org/accueil.htm>) and signals directors' allegiance to the industry's established culturally oriented logic. We focused on directors' track records, as they are the central figures in French cinema: it is they (not producers) who are legally entitled to decide on the final cut (the version of a film that is actually released) and who therefore occupy the central roles in film-making organizations.

We measured the concept of a minority resource supplier's *structural position* by computing the normalized value of a sofica's average degree centrality (Freeman, 1979) in the resource providers' network; we counted the number of ties to a given sofica over a three-year window.² We included "failure" data on ties formed in projects that were never completed, which allowed us to avoid a statistical bias common in network studies (Uzzi & Spiro, 2005). Following longitudinal network studies in similar industries (Cattani et al., 2008), we assumed that ties remain active for three years (thus, a tie formed in 1994 was deemed active until 1996), a time frame that appears reasonable given the industry's project-based nature and the typical one to two years it takes to make a film. Results

² Organizations not involved with soficas were assigned a value of zero because their conformity behaviors are not affected by the structural position soficas occupy.

remained unchanged under alternative specifications based on two- and four-year windows. The moving window approach implies that older ties dissolve as new ones form because tie maintenance has costs that limit the number of ties that can be kept active simultaneously. Our moving window approach means that models that include *structural position* as a variable exclude the first two years of observations used to compute centrality measures, reducing the number of observations to 2,300 films. Degree centrality is better suited than other centrality measures to studying how logic holders are positioned in resource supply networks because it captures their involvement in the networks (Opsahl, Agneessens, & Skvoretz, 2010) and the immediate likelihood of their being influenced by the logic of adjacent network nodes (Borgatti, 2005; Davis, 1991). Normalized degree centrality was computed using UCINET 6.289 (Borgatti, Everett, & Freeman, 2002).

Finally, we measured the concept of *institutional credit* over time by counting the accumulated number of films financed by soficas as of the calendar month in which a focal film entered production (i.e., the first production contract was signed) divided by 1,000. We also tested the cumulative amount invested by soficas as another measure and obtained very similar results.

Control variables. Certain film characteristics may affect exhibitors' demand and filmmakers' choices for new releases (Cattani et al., 2008; Hsu, 2006). The *genre* of a film may be important (e.g., comedies might be more widely distributed than dramas), so we controlled for this factor by including 16 distinct categorical variables (comedy, drama-comedy, drama, documentary, thriller, adventure, fantasy, animation, action, horror, science fiction, musical, historical, western, war, and erotic). We also controlled for film ratings, since the release strategy of censored films may be more likely to follow a blitz approach as they have smaller pools of viewers and shorter sales patterns. *Rating* is a categorical variable set equal to 0 for films rated suitable for all audiences and 1 otherwise. By definition, sequels are designed to repeat prior successes, may have the preference of theater owners, and open more widely. The variable *sequel* was coded 1 for a sequel and 0 otherwise.

The presence of stars in the cast of a film may also increase its public exposure, raise exhibitors' demand, and entice filmmakers to increase the number of releases the first week. In our models, we added the variable *stars*, a count variable equal to the number of cast members who were among the five top-grossing actors in the three years preceding production. Awards are also scrutinized in

the industry (Rossman, Esparza, & Bonacich, 2010), and those granted before release³ may affect how films are released. Cannes Film Festival awards are so timed; therefore, we included *Cannes* as a categorical variable equal to 1 if a film received a major award at Cannes⁴ and 0 otherwise. We focused on awards at Cannes rather than at other film events because the festival's ethos and history, and its wide media coverage, have made it arguably the entire film industry's (and certainly the French industry's) most influential event; we expect such awards will be positively related to wider releases.

The biggest distributors may also have specific release patterns by virtue of their greater power in the exhibitor market: *top distributor* equaled 1 if a film's distributor was among the five top-grossing distributors in the preceding year⁵ and 0 otherwise. We also accounted for the level of competition a film faced in the theatrical market: *competition* was the number of other films released the same opening week and was expected to negatively impact the dependent variable.

Finally, we controlled for unobserved factors across and within years that may affect the size of film releases. To account for changes in attendance and competition in the theatrical market, we included 14 categorical *release year* variables (1996, 1997 . . . 2009) to capture potential year-specific effects. We also added two categorical variables that capture the seasonality of the film market—*Christmas* and *summer*—equal to 1 if the film was released at those times, 0 otherwise. Films released at such periods, when cinema attendance is high, may face higher competition for screens, which will constrain their release strategies and might negatively impact the measurement of our dependent variable.

³ Most awards (e.g., Academy Awards, Les Césars) are largely irrelevant to our analysis, as they are often granted months after films have been shown in theaters.

⁴ The major awards were the Palme d'or, Grand Prix du Jury, Prix Spécial du Jury, Prix du Jury, Prix d'Interprétation Masculine, Prix d'Interprétation Féminine, Prix de la Mise en Scène, Prix du Scénario, Prix de la Caméra d'or, Prix Un Certain Regard.

⁵ Unlike other markets (e.g., North America), the French market has no clear-cut distinction between major and independent distributors. We therefore opted for a concentration index grouping the five major distributors. Results based on a classical concentration index using the four top players were similar, but we preferred an index of five because there was clear drop in market share between the fifth and sixth biggest distributors, but no significant difference between the fourth and fifth.

Model Specification, Estimation, and Robustness Checks

Our independent variable might be endogenous: *sofica* fund managers do not invest at random, but base investment choices on factors that also relate to alternative conformity. This was confirmed by examining the Durbin component of the Durbin-Wu-Hausman test (Baum, 2006): the null hypothesis that an ordinary least square method would yield consistent estimates was rejected in all instrumented models (see bottom panel, Table 2). To account for endogeneity properly, we relied on generalized method of moments (GMM) procedures, which is recommended in cases of heteroskedasticity, the presence of which in our data set was confirmed by a Pagan and Hall test ($p < .001$). GMM allows more efficient estimations than the two-stage least squares method (2SLS) when a model is overidentified and the number of observations is large (Stock & Yogo, 2005).

We relied on two instruments. *Overall investments* is the natural log of the overall amount of assets invested via *soficas* in the year a film was produced. We expected this value to be relevant, as *soficas*' decisions to invest or not in a given film project are likely to be affected by asset availability at the time. The instrument is exogenous in that its value results from a legislative decision: the annual overall amount of tax breaks available to investors in film funds is voted as part of the annual French State budget, before being allocated to individual funds by the Ministry of Finance. The other instrument—*film budget*—is the natural log of a film's production budget. We saw production budget levels as relevant instruments, as fund managers are likely to be sensitive to key financial considerations when making investment decisions. We expected this instrument to be at least partially exogenous. The two instruments are strongly dissimilar (pairwise correlation of .04), alleviating concerns about multicollinearity. As interacted variables inherit endogeneity from the main independent variable, additional instruments were added to estimate models with moderating effects by interacting the two instruments with the moderator, under the assumption that the latter was exogenous to the equation of interest.

We followed Bascle (2008) in computing a first-stage *F*-statistic to ascertain the strength of the instruments (Stock & Yogo, 2005) and used the Hansen *J*-statistic to test for overidentifying restrictions in GMM regressions, confirming the results of the latter via Sargan and Basman tests. When applicable, we also computed the difference in Sargan statistics to verify the exogeneity of each instru-

ment considered in isolation.⁶ We subsequently ran Moreira's (2003) conditional likelihood ratio to confirm the main effect in model 2 (Andrews, Moreira, & Stock, 2008) and, finally, used the Durbin component of the Durbin-Hu-Hausman test to confirm the endogeneity of *sofica investments* in all models. All relevant statistics are reported in the bottom panel of Table 2.

RESULTS

Table 1 provides summary statistics and pairwise correlation coefficients for all variables in the models. The correlation between *minority participation* and *structural position* (.78, significant at .001) is due to the fact that we only observed centrality for films in which *sofica* funds were invested: on the subset of *sofica*-funded films, however, the correlation between the two variables drops to $-.26$ (significant at .001). In addition, modeling minority participation as an endogenous variable alleviated multicollinearity concerns.

Table 2 presents the results of regression equations for the 2,531 films produced between 1994 and 2008: models 1 and 2 are ordinary least squares regressions (OLS), and the others are GMM regressions treating the main independent variable as endogenous. Models 2 and 3 test the direct effect of minority participation on alternative conformity. Models 4 to 7 sequentially introduce the moderating effects of logic adherence, structural position, and institutional credit. All models rely on heteroskedasticity-robust standard errors and include dummy variables to capture fixed genre and release year effects.

Model 1 examines the effect of the control variables on alternative conformity. Overall the estimates are in the expected direction: rating, sequels, stars, Cannes, and top distributors are positively and significantly related to wider releases, and summer release and competition have opposite effects. Christmas release is negative (as expected) but statistically nonsignificant. Overall, the model explains .45 of the variance in release strategies.

Hypothesis 1 predicts that alternative conformity will be positively related to minority participation, which we introduce in model 2. The coefficient estimate of the variable of interest is positive and strongly significant (.07, $p < .001$), supporting our prediction. We suspect that the decision of *soficas* to invest in film-making organizations is not ran-

⁶ The difference in Sargan statistics is not applicable when the number of instruments is lower than the number of endogenous regressors plus 2.

TABLE 1
Pairwise Correlations and Summary Statistics^a

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Alternative conformity	3.43	2.11															
2. Minority participation	4.48	6.08	.29														
3. Logic adherence	1.06	1.94	.12	.07													
4. Structural position	0.66	1.12	.24	.78	.08												
5. Institutional credit	0.43	0.27	.37	.13	.07	.16											
6. Rating	0.07	0.26	.01	.01	-.03	.00	-.05										
7. Sequel	0.01	0.09	.13	-.01	.01	-.01	.05	-.01									
8. Stars	0.05	0.24	.19	.06	-.02	.05	.05	-.01	.14								
9. Cannes	0.02	0.13	.06	-.03	.06	-.01	-.02	.04	-.01	-.03							
10. Christmas	0.07	0.26	.00	.00	-.01	.00	.02	-.04	.01	.03	-.02						
11. Summer	0.12	0.33	-.04	.02	-.02	.01	.01	.04	-.02	-.01	-.01	-.11					
12. Top distributor	0.17	0.38	.30	.10	.03	.03	.02	-.02	.06	.15	.00	.01	-.01				
13. Competition	10.45	2.98	.11	-.01	-.04	.05	.27	-.04	.03	.03	-.09	-.04	-.07	-.02			
14. Minority participation × logic adherence	5.60	17.16	.20	.45	.58	.38	.10	-.02	-.01	.03	.01	-.03	.01	.07	-.01		
15. Minority participation × structural position	8.29	13.90	.25	.80	.08	.99	.16	.00	-.01	.06	-.01	.00	.01	.04	.04	.39	
16. Minority participation × institutional credit	2.13	3.52	.35	.81	.09	.69	.45	-.03	.02	.07	-.02	.00	.02	.08	.09	.40	.70

^a $n = 2,531$.

dom, since factors underlying investment decisions are likely to be correlated with the dependent variable, violating an important assumption of OLS estimation. To correct for the resulting bias, we treated minority participation as an endogenous regressor in model 3 and estimated the equation using GMM. We found that the estimated coefficient of minority participation remains positive and significant, lending support to Hypothesis 1. Note that the p -value of the Durbin component of the Durbin-Wu-Hausman test ($p < .001$) allows us to reject the null hypothesis that the regressor was exogenous and confirms that the OLS model yields biased estimates. Between model 2 and model 3, we also observe a dramatic increase in the size of the coefficient. As both the independent and dependent variables are natural logs, we can interpret the coefficient as a sort of elasticity measure: a 10 percent increase in sofica participation (as predicted by the first-stage equation) is associated with a 5.75 percent increase ($p < .001$) in the degree of conformity to the minority logic (after accounting for endogeneity). In more concrete terms, over the period, the average investment in film by soficas is €495,000: model 3 shows that a 10 percent increase in sofica investment (i.e., from €495,000 to €545,000) is associated with an increase of 10 (from 166 to 176) in the number of prints released, all else being equal. (The model also shows that the absence of sofica investment would have dropped the average print numbers released to just 71.)

Looking more closely, we observe that stars and competition lose significance in model 3, hinting

that the relationship between these variables and the dependent variable observed in model 2 (OLS) may be induced by endogeneity in the model. From the tests of the relevance and exogeneity of the instruments, we see that the first-stage F (105.07) is largely above the 9.93 value recommended by Stock and Yogo (2005)—for one endogenous regressor and two instruments (based on TSLS size), confirming the relevance of the instruments. The Hansen J for overidentifying restrictions ($p = .58$) supports the assumption that the instruments are exogenous and, finally, Moreira's CLR estimate ([.50, 68], $p < .001$) confirms the accuracy of the estimation.

In model 4, we added logic adherence as a direct and as a moderating variable. The direct effect is positive and significant (.16, $p < .005$), indicating that when filmmakers are led by directors with demonstrated adherence to the dominant film industry logic, they have on average wider releases, which is likely concomitant with their being known in the exhibitor market. Hypothesis 2 concerns the interaction of logic adherence with minority participation and predicts that organizations that are more entrenched in the dominant logic of the industry will tend to be more reluctant to embrace the market finance logic of soficas if they receive such funds' participation. The negative and significant coefficient of the interaction effect ($-.04$, $p < .001$) supports this hypothesis, although the estimates of the interaction terms are conditional marginal effects and cannot be interpreted in isolation from the dependent variable. For this rea-

TABLE 2
OLS and GMM Estimations of the Effect on Alternative Conformity of Minority Participation,
Logic Adherence, Structural Position, and Institutional Credit^a

Variables	OLS: Model 1	OLS: Model 2	GMM: Model 3	GMM: Model 4	GMM: Model 5	GMM: Model 6	GMM: Model 7	GMM: Model 8
Genre dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Release year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rating	0.27* (0.14)	0.25 [†] (0.13)	0.06 (0.28)	0.03 (0.29)	0.09 (0.28)	-0.26 (0.42)	-0.25 (0.41)	-0.38 (0.43)
Sequel	0.94*** (0.24)	1.09*** (0.26)	2.19** (0.83)	2.11* (0.84)	2.13* (0.83)	2.14* (0.88)	2.06* (0.88)	2.17* (0.86)
Stars	0.68*** (0.15)	0.63*** (0.14)	0.27 (0.30)	0.31 (0.31)	0.27 (0.30)	0.65 [†] (0.39)	0.62 (0.38)	0.66 [†] (0.39)
Cannes	1.39*** (0.24)	1.45*** (0.24)	1.88*** (0.48)	1.83*** (0.47)	1.88*** (0.48)	2.85*** (0.52)	2.84*** (0.53)	2.89*** (0.52)
Top distributor	1.36*** (0.09)	1.29*** (0.09)	0.79*** (0.21)	0.85*** (0.22)	0.77*** (0.21)	0.60 [†] (0.33)	0.40 (0.33)	0.59 [†] (0.33)
Competition	-0.06*** (0.01)	-0.06*** (0.01)	-0.03 (0.03)	-0.03 (0.03)	-0.03 (0.03)	-0.04 (0.04)	-0.05 (0.04)	-0.04 (0.04)
Christmas	-0.17 (0.12)	-0.17 (0.12)	-0.17 (0.26)	-0.24 (0.27)	-0.17 (0.26)	-0.46 (0.38)	-0.43 (0.38)	-0.52 (0.39)
Summer	-0.32** (0.10)	-0.32*** (0.09)	-0.37 [†] (0.21)	-0.34 (0.21)	-0.36 [†] (0.21)	-0.50 (0.33)	-0.52 (0.32)	-0.55 (0.34)
Minority participation		0.07*** (0.01)	0.58*** (0.04)	0.63*** (0.05)	0.56*** (0.05)	1.55*** (0.18)	1.53*** (0.17)	1.68*** (0.20)
Logic adherence				0.16** (0.05)		0.25** (0.08)	0.23** (0.08)	0.23** (0.08)
Minority participation × logic adherence				-0.04*** (0.01)		-0.04* (0.02)	-0.04* (0.02)	-0.04* (0.02)
Experience					0.02 (0.05)			
Minority participation × experience					0.00 (0.01)			
Structural position						5.67* (2.88)	4.74** (1.56)	5.99*** (2.91)
Minority participation × structural position						-0.96*** (0.28)	-0.88*** (0.17)	-0.99*** (0.28)
Institutional credit								2.24** (0.00)
Minority participation × institutional credit								-0.26 [†] (0.16)
Constant	2.46*** (0.72)	2.21** (0.72)	0.44 (1.91)	0.43 (1.68)	0.39 (1.91)	0.43 (2.63)	0.82 (2.66)	-0.53 (2.99)
R^2	.45	.48						
Number of endogenous regressors (instruments)			1 (2)	2 (4)	2 (4)	3 (6)	2 (4)	4 (8)
First-stage F			105.07	53.10	51.06	27.13	22.42	20.47
p , Hansen J			.40	.60	.49	.09	.20	.46
Difference in Sargan statistic				Yes	Yes	No	Yes	Yes
p , Durbin component			.00	.00	.00	.00	.00	.00
Moreira's CLR			[.50, 68]					
p			.000					
n	2,531	2,531	2,531	2,531	2,531	2,300	2,300	2,300
Period	1994–08	1994–08	1994–08	1994–08	1994–08	1996–08	1996–08	1996–08

^a Heteroskedasticity-robust standard errors are given in parentheses below the coefficient. For the difference in Sargan statistic, "Yes" means that all instruments are exogenous. In model 7, minority participation × structural position is treated as an exogenous regressor.

[†] $p < .10$

* $p < .05$

** $p < .01$

*** $p < .001$

son, we represent the marginal effect of minority participation on alternative conformity conditional on logic adherence graphically in Figure 2 (Brambor, Clark, & Golder, 2006), using the estimations of model 4. We observe that the marginal effect decreases monotonically with logic adherence, up to the point where it becomes close to zero and statistically nonsignificant (above a value of ten). All else being equal, for an average level of minority participation, and compared to film directors who never shot art house films, the estimated marginal change in alternative conformity is about one-third and two-thirds lower when film directors have directed five and ten art house films, respectively.

The findings for model 4 could be related to the general experience of film directors, rather than their prior involvement with the dominant logic. To guard against this alternative explanation, we ran the same model replacing logic adherence with experience, a count variable of all a director's previous films. In model 5, which presents this test, the estimated coefficient of the interaction is far from significant. In a graph of this model (unreported) as well, the marginal effect of minority participation on alternative conformity appears not to vary much with respect to experience, reinforcing our confidence that logic adherence, rather than general experience, drives the model 4 results, in line with Hypothesis 2.

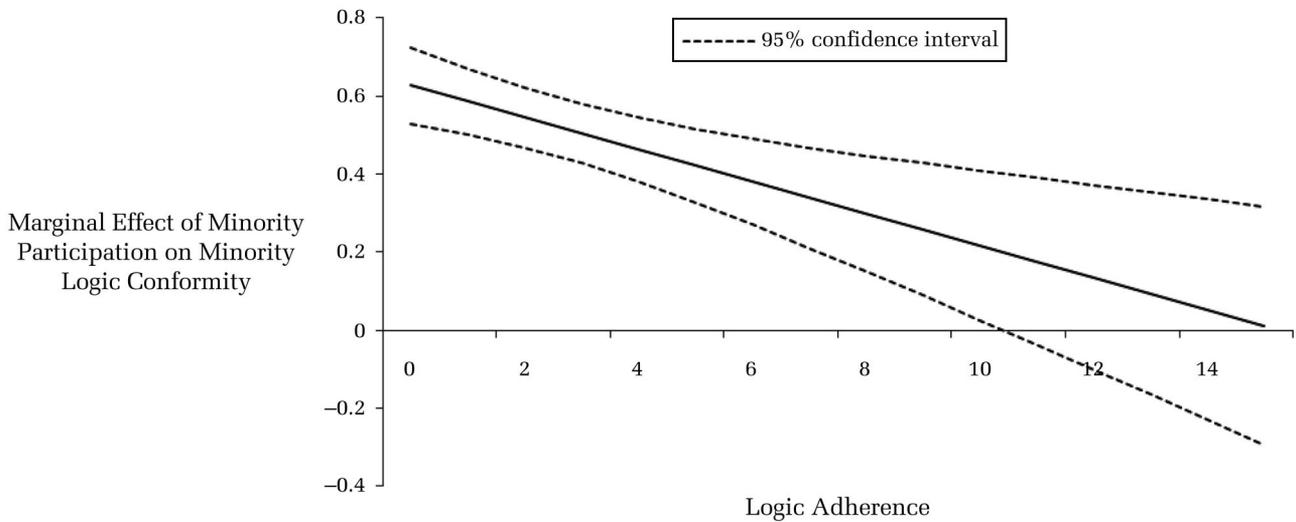
We introduce the direct and moderating effects of structural position in model 6 (after having tested them separately). The direct effect of structural position is positive, suggesting that film-making organizations financed by soficas occupying a central position in the network of resource suppliers have broader releases than those financed by more peripheral funds; this finding is in line with classical network arguments that see centrality primarily as a vector of influence (e.g., Borgatti, 2005). Hypothesis 3 suggests that soficas' centrality will reduce the association between minority participation and alternative conformity; we find that the estimated coefficient of the interaction term is negative ($-.96$) and significant at the .10 level. However, an inspection of the tests reveals that one of the instruments in model 6 is not exogenous (p for the difference in Sargan statistic is .02) and that the interaction term, minority participation by structural position, is not endogenous to the equation (p for the Durbin component of the Durbin-Wu-Hausman test is .58). Accordingly, and to confirm the results, we estimated model 7, in which the interaction term associated with structural position is treated as exogenous. The coefficient estimate of the interaction term appears in the same range and equally significant ($-.88$, $p < .001$), confirming the results for model 6

and adding support to Hypothesis 3.⁷ All the instruments of model 7 are exogenous. The graphical representation (Figure 3) allows a closer analysis of the marginal effect of minority participation on alternative conformity conditional on structural position. In keeping with Hypothesis 3, we observe a strong effect of soficas' structural position on the relationship of interest. The marginal effect is positive and significant at low normalized degree centrality values (below 1.1), becomes nonsignificant at medium values, and even turns negative at higher values (above a degree centrality of 3), which seems to indicate that (in line with Hypothesis 3) the socialization of soficas in the overall resource network strongly reduces filmmakers' propensity to respond to their participation by conforming to their minority logic.

Finally, model 8 adds the direct and moderating effects of institutional credit. The direct effect is positive and significant, suggesting that, as the involvement of soficas becomes more common, conformity to the market finance logic is increasingly likely. The coefficients of the two other moderating effects remain consistent with the previous models' results. Of particular interest, the interaction coefficient of institutional credit on minority participation is negative and marginally significant ($p < .01$), supporting Hypothesis 4. Figure 4 shows the moderating effect of institutional credit on the relationship between minority participation and alternative conformity: the marginal effect recedes as institutional credit increases, although the slope is not as pronounced as for the other two moderators. Overall, we find strong support for our set of hypotheses. Concretely, when considered in combination, a 10 percent simultaneous increase in logic adherence, structural position, and institutional credit relative to their average values would lower

⁷ An anonymous reviewer raised concerns that, as both minority participation and structural position have strongly positive direct effects, this result might be related to the bounded nature of the dependent variable. Although such bias appears unlikely, as no film in the sample occupied more than 20 percent of screens, we tested for this possibility in unreported models. First, we added a dummy variable to control for films released on an exceptional scale (over 800 prints). As it appeared not significant, we created another dummy variable for films released on a large scale (over half the maximum number of prints in the sample). Again, the variable failed to reach statistical significance. Furthermore, when exceptional and large-scale observations are dropped from the analysis, the moderating effect of structural position remains negative and highly significant.

FIGURE 2
Marginal Effect of Minority Participation on Alternative Conformity Conditional on Logic Adherence



the estimated number of prints for an average sofica-financed film by about 55 percent.

Our measure of conformity captures the breadth of a film’s theatrical release (i.e., number of prints made available for its opening) under the assumption that blitz-like releases translate into higher first week revenues and thus appeal to the market finance logic of soficas. To confirm this, and as an additional robustness check, we ran a series of additional models using the natural log of *first week box office* admissions as a measure of the effect of alternative conformity: as expected, the measure has a strong but not perfect correlation with alternative conformity (.78, $p < .001$). Overall, the estimation results presented in Table 3 confirm the robustness of the patterns found in models 1–8.

Estimated by OLS, model 9 introduces control variables, and model 10 adds minority participation. Model 11 confirms the positive and significant effect of minority participation on first week box office when endogeneity is accounted for, adding support to Hypothesis 1. For the average film financed by soficas, a 10 percent increase in sofica investment (+ €49,500) is associated with 10,243 additional admissions in the opening week, adding about €56,334 in gross box office over one week (with an average ticket price at €5.50). Without sofica money, the estimated opening revenues (all else being equal) would be cut by more than two-thirds. The negative and significant moderating effects of logic adherence and sofica structural position on the main effect are corroborated in models

FIGURE 3
Marginal Effect of Minority Participation on Alternative Conformity Conditional on Structural Position

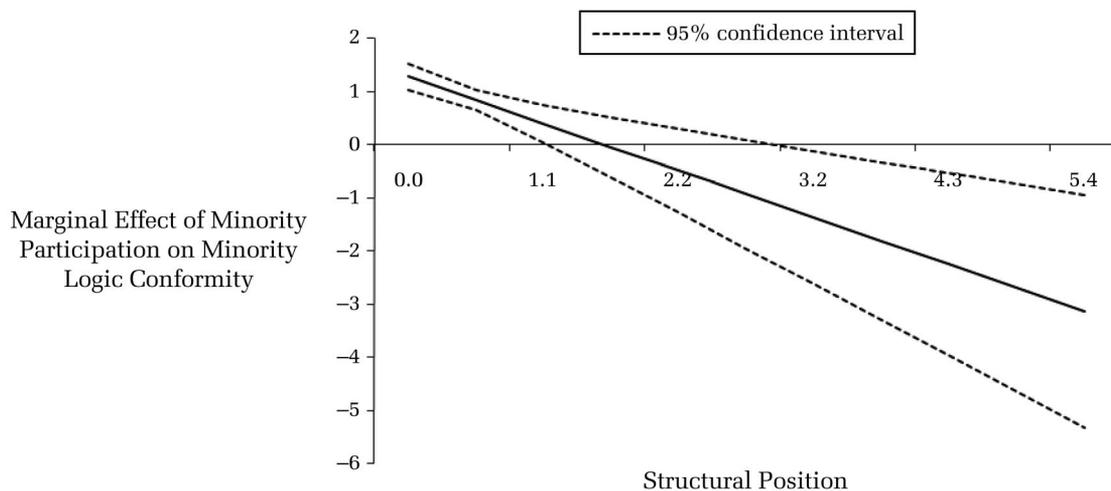
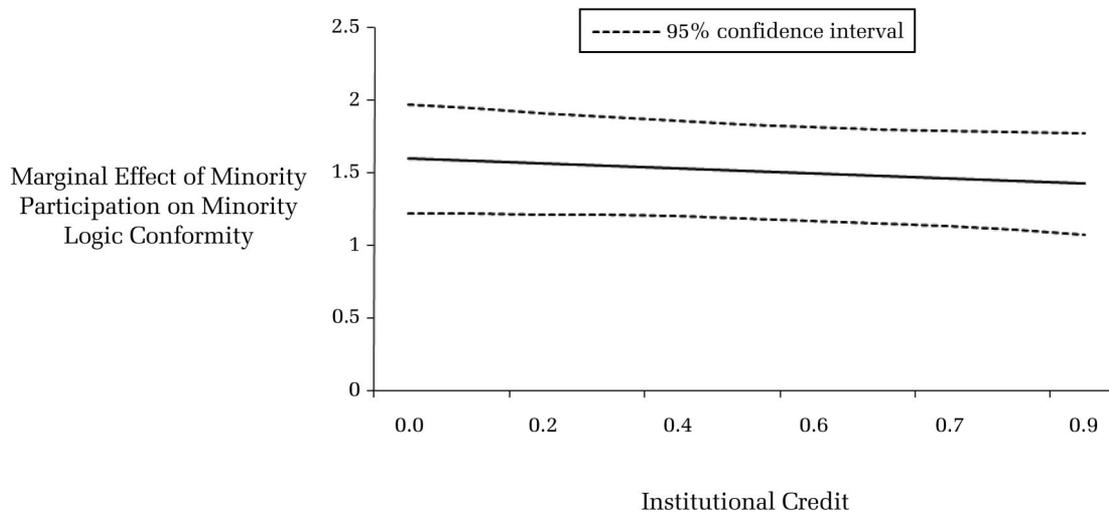


FIGURE 4
Marginal Effect of Minority Participation on Alternative Conformity Conditional on Institutional Credit



12 and 13, in line with Hypotheses 2 and 3. The moderating effect of institutional credit is negative as expected, but fails to reach statistical significance in the full model 14.

DISCUSSION AND CONCLUSION

In contrast to prior works emphasizing how powerful external actors control critical material or symbolic resources, our theory of alternative conformity draws attention to the unexplored role of minority logic holders. Sofica investment funds, despite being marginal players in the French film industry from both institutional and resource standpoints, played a significant role in modifying filmmakers' release decisions. The more financially involved soficas became in film production, the more the filmmakers with whom they interacted adopted release policies that departed from the established industry logic, a finding that neither a resource dependence nor an institutional view conceiving conformity either as a *control* mechanism or as *obedience* to the constraints imposed by dominant players and audiences can explain.

To us, alternative conformity is a *soft control strategy*—that is, a strategic behavior that changes how dominant providers exert and impose their interests on organizations but does so indirectly and progressively. By accepting minority participation, organizations secure secondary resource supply, alter the social structure (centrality) of dominant players, and promote distinct theories of action in their industry. In return, they adjust their behavior to conform with their suppliers' minority logic. Although the industry remained dominated

by incumbent film investors promoting the institutional status quo as some filmmakers chose to conform to the soficas' market finance logic, dependence on traditional film investors eased, and more market-oriented actions gained ground. Deviation from the dominant logic was gradual and moderate (see model 3), took place at the organizational level, and as a result did not elicit a massive reaction from dominant players. Alternative conformity is conditional on the context of an exchange. In cases of minority participation, filmmakers' awareness of and willingness to conform to minority logic holders' demands depend on the filmmakers' previous level of adherence to the dominant logic, the centrality of the suppliers in the resource supply network, and, to a lesser extent, on the institutional credit garnered by the minority logic. All these factors are directly and positively related to the breadth of a film's theatrical release but negatively moderate the main relationship between minority participation and alternative conformity.

Contributions to the Resource Dependence Perspective

Studies following the resource dependence perspective have mostly treated organizations' responses to external constraints as direct reactions against industry-level pressures from resource providers in a monologic context. As Hillman, Withers, and Collins (2009) stressed, resource dependence theory has not yet specified which dependencies take precedence over time when multiple suppliers with distinct logics are involved. We answer their call for such specification

TABLE 3
**OLS and GMM Estimations of the Effect on First Week Box Office of Minority Participation,
 Logic Adherence, Structural Position, and Institutional Credit^a**

Variables	OLS: Model 9	OLS: Model 10	GMM: Model 11	GMM: Model 12	GMM: Model 13	GMM: Model 14
Genre dummies	Yes	Yes	Yes	Yes	Yes	Yes
Release year dummies	Yes	Yes	Yes	Yes	Yes	Yes
Rating	0.47*** (0.14)	0.44** (0.14)	0.20 (0.34)	0.17 (0.35)	-0.20 (0.50)	-0.32 (0.53)
Sequel	1.92*** (0.31)	2.11*** (0.35)	3.48** (1.06)	3.34** (1.06)	3.27** (1.13)	3.37** (1.10)
Stars	0.82*** (0.17)	0.76*** (0.16)	0.31 (0.37)	0.38 (0.38)	0.73 (0.47)	0.74 (0.48)
Cannes	1.71*** (0.22)	1.79*** (0.22)	2.33*** (0.57)	2.22*** (0.55)	3.50*** (0.63)	3.51*** (0.62)
Top distributor	1.65*** (0.08)	1.57*** (0.08)	0.95*** (0.26)	1.02*** (0.26)	0.70 [†] (0.41)	0.82* (0.41)
Competition	-0.07*** (0.01)	-0.07*** (0.01)	-0.04 (0.03)	-0.03 (0.03)	-0.05 (0.05)	-0.05 (0.05)
Christmas	-0.15 (0.13)	-0.15 (0.12)	-0.15 (0.31)	-0.24 (0.32)	-0.38 (0.47)	-0.48 (0.48)
Summer	-0.59*** (0.11)	-0.60*** (0.10)	-0.65** (0.25)	-0.61* (0.25)	-0.82* (0.40)	-0.84* (0.41)
Minority participation		0.09*** (0.01)	0.73*** (0.05)	0.78*** (0.06)	1.92*** (0.21)	2.04*** (0.24)
Logic adherence				0.26*** (0.06)	0.34*** (0.10)	0.34** (0.10)
Minority participation × logic adherence				-0.06*** (0.02)	-0.05* (0.02)	-0.05* (0.02)
Structural position					5.92** (1.90)	6.47 [†] (3.54)
Minority participation × structural position					-1.10*** (0.21)	-1.15*** (0.34)
Institutional credit						2.43* (1.03)
Minority participation × institutional credit						-0.26 (0.19)
Constant	10.36*** (0.77)	10.04*** (0.78)	7.80*** (2.37)	7.70*** (2.08)	5.83 [†] (3.31)	4.31 (3.63)
R ²	.34	.40				
Number of endogenous regressors (instruments)			1 (2)	2 (4)	2 (4)	4 (8)
First-stage F			105.07	53.10	22.42	20.47
p, Hansen J			.58	.72	.21	.36
Difference in Sargan				Yes	Yes	Yes
p, Durbin component			.0000	.0000	.0000	.0000
Moreira's CLR			[.63. 84]			
p			.000			
n	2,531	2,531	2,531	2,531	2,300	2,300
Period	1994–08	1994–08	1994–08	1994–08	1996–08	1996–08

^a Heteroskedasticity-robust standard errors are given in parentheses below the coefficient. For the difference in Sargan statistic, “Yes” means that all instruments are exogenous. In model 13, minority participation × structural position is treated as an exogenous regressor.

[†] $p < .10$

* $p < .05$

** $p < .01$

*** $p < .001$

in this study. Organizations' struggle for autonomy and control, which is at the heart of the resource dependence perspective, must be recast in situations in which distinct resource suppliers attempt to enforce more or less conflicting logic-based de-

mands. At the organization–resource supplier level, coexistence of dominant and minority logic holders opens up alternative conformity opportunities for organizations, a point that has largely been ignored in past research.

By varying their levels of conformity to minority resource suppliers, organizations can loosen dominant players' hold, favor minority players' socialization, and promote alternative logics; hence, they gain control and autonomy over established resource holders. Alternative conformity helps build mutual dependence (Casciaro & Piskorski, 2005): organizations depend on resource suppliers, but resource suppliers (in particular, minority players) need tokens of conformity from organizations if they aim to survive and introduce and maintain their logic in an industry. Our study avoids the ecological fallacy of previous resource dependence studies by revealing the dynamics of alternative conformity at the organizational level, dynamics that would not be as apparent at the industry level (Davis & Cobb, 2010). Our study also encourages researchers to consider resource dependence from a perspective in which conformity is not just proportional to the relative "magnitude of the exchange" with each supplier (Pfeffer & Salancik, 1978: 46) but accounts for the context and characteristics of the parties involved in each exchange. In multiple logic contexts, research on resource dependence needs to integrate the direct and indirect control mechanisms organizations use to attenuate dominant resource suppliers' hegemony.

Contributions to Neoinstitutional Theory

Resource dependency and institutional logics cannot be assumed to be fixed facts external to resource relationship contexts, but instead should be conceived of as social choices that are maintained through actors' enactment. The challenge for institutional scholars today is to shed light on what mechanisms generate and maintain institutional plurality without assuming a shift in logic dominance is necessary (Kraatz & Block, 2008; Murray, 2010). With this in mind, our study complements recent work in at least two ways.

First, many studies about institutional plurality ignore the material engagements involved in conformity, focusing instead on changes in rationalities, discourses, practices, and identities. Echoing the original spirit of neoinstitutionalism, which stresses the formal and costly modifications organizations may have to undertake to accommodate legitimacy-granting institutional actors (Meyer & Rowan, 1977; Tolbert & Zucker, 1997), we show clearly that conformity implies material engagements: our study indicates that without *soficas'* investments, the release policy of the average film studied here would have differed substantially; on average, 71 copies instead of 166 would have been released. So behavior may be significantly modi-

fied according to a logic—but without the logic and its industry-level holders becoming dominant.

Second, several studies document how individuals and organizations make sense of the constraints involved in the confrontation with plural logics by creating hybrid structures (Murray, 2010) or by reframing their identities (e.g., Battilana & Dorado, 2010; Lok, 2010). Our study changes the focus to the organization-resource supplier level: it casts institutional plurality as an opportunity to challenge institutional orders and generate new mutual organization-supplier dependencies. It illustrates the subtle dynamics of concrete institutional evolution that take place in situations of exchange between minority participation and alternative conformity. Despite being minority suppliers both at the organizational and industry levels, *soficas*, among many others undoubtedly, had effective influence. Over our period of study, the proportion of films that earned more than 40 percent of their admissions in their opening weeks increased from less than a third of the production slate in 1994 (31%) to two-thirds in 2008 (67%).

Our study is not without limitations, the most obvious of which concerns the external validity of our findings. Although the film industry has received some management literature attention, prior studies have mostly built on North American data. Looking at the French film production industry allowed us to examine how the market finance logic penetrated a setting in which a nonmarket culture and institutions were strongly established, yet it still faces the shortcomings of any national study. Second, our context meant we could only study the supply of one critical resource by two distinct logic holders, so the sensitivity of our results to more complex situations needs to be tested. What happens when two suppliers are not complementary but act as substitutes? Or when two distinct resource holders supply two distinct resources? Or when there are more than two logics, with a varying degree of compatibility between them, or when the influence of a new logic grows to the point of supplanting a previously dominant one? These questions are not addressed in our study, which was, rather, an effort to establish the presence and conditions of alternative conformity. Nevertheless, we expect the theory we have developed here to be applicable to other industry settings in which minority logics exist and to offer an adjustable baseline for different scenarios. For instance, to confirm our results, future research could investigate the entrance of new organizations with a government mandate to allocate bailout resources to industries in crisis, maintaining the hegemony of market institutions but dramatically modifying

concrete practices. Or one may look at situations in which a plurality of logics imposes changing demands on agents—as in responsible investment and sustainable development. In sum, we argue that the influence of minority logic holders cannot be fully captured by looking simply at their weaker resource supply or institutional unconventionality. Looking closely at exchanges in terms of the resources they provide to organizations and the material responses they receive from these organizations reveals that alternative conformity is a soft control strategy that alters actions concretely and tinkers with institutional orders without overthrowing dominant players.

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