

# **The Impact of Perfectly Mobile Resources on Project Performance: Evidence from the American Film Industry**

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## **Keywords**

Resource-based view, project management, perfect mobility, experience, artistic and commercial performance, American cinema.

By definition, perfectly mobile resources are never permanently attached to any organization. They are therefore traditionally considered by the resource-based view (RBV) as not contributing to a firm's value creation and competitive advantage (Barney, 1991; Peteraf, 1993). Yet, making use of perfectly mobile resources in the form of free agents and creating value through their temporary combination has always been customary in project-based industries, in arts and in sport (Poppo & Weigelt, 1999). Jones and De Filippi (1996) also note that the number of free agents who opt for boundaryless careers and build their professional networks at the scale of their industry is on the rise in all economic sectors. They propose that industries recently hit by this phenomenon seek inspiration in the pioneering organization of cinema to better deal with its implications.

Building on this recommendation, this paper introduces a resource-based model to investigate the impact of perfectly mobile resources on the performance of project-based ventures. More specifically, it focuses on exploring the relative influence on a film's commercial success and artistic recognition of the commercial and artistic experience and track record of perfectly mobile key players in its production process: namely, the film's director and leading actors. The paper also investigates the role of sunk-cost investments in production by key stakeholders and financiers as a mediating factor of the relationship between perfectly mobile resources and performance. Ultimately, it delves into the connection between commercial success and artistic recognition.

The paper also supports the idea that the RBV should be applied to processes and hybrid organizational forms (Ray et al., 2004) and offers an empirical illustration of the relational view of strategy (Dyer & Singh, 1998). The relational view of strategy differs from the traditional resource-based view in the definition of its unit of analysis as the network of economic actors involved in a project and of the sources of rents as being beyond any individual firm's control. As an autonomous economic construct set up with its own logic, a project mobilizes complementary resources and capabilities and leads on to a clear outcome, be it the construction of a building, the presentation of a consultancy report or the production and release of a movie. As such, it is a relevant and legitimate unit of analysis of the resource-based view. In a project, several free agents and constituents from different organizations get together to pursue objectives that they set beyond the legal frontiers of their corporate base. Whenever human agents choose to work in project-based microstructures rather than in traditional firms, they become perfectly mobile across organizations and available on the strategic factor market for free

agents. However, once they get involved in a specific project, its managers and financiers have to make sure that their mobility becomes temporarily restrained and that they fully commit to its completion. They do so legally and by sending them signals of their own financial commitment to the venture. This paper consequently maintains that the immobility of assets is at best contingent upon the nature of the organization that controls them and that perfectly mobile agents contribute to the creation of value in project-based industries.

The methodology adopted in the paper follows recommendations by Voss and Voss (2000) and Rouse and Daellenbach (2002). It applies the theoretical model introduced in the paper at the broad level of project-based industries exclusively to one of them: cinema. The empirical framework uses secondary data sources to test the correspondence between resource-based predictions and empirical observations at the scale of the population of feature films released in the USA and Canada between 1988 and 1997. The analysis establishes the different resource provisions of a sample of 2080 film projects representing 51% of all films first released in the USA and Canada from January 1988 to December 1997 (Quigley, 1986-1998; [www.mpa.org](http://www.mpa.org)). The statistical test follows the four steps of structural equation modeling (Mulaik & Millsap, 2000).

This research contributes to the literature in several distinct ways. First, it develops a taxonomy of perfectly immobile and idiosyncratic, of one-off market-addressable and of perfectly mobile resources. It also explores the relationships between commercial and artistic dimensions of success in filmed entertainment projects. The empirical test of these connections is the first of its kind in the specific context of cinema. Its results generate important conclusions relative to the actual impact on value creation and performance of the often neglected and taken for granted perfectly mobile resources. They also initiate new and interesting insights into the specific dynamics of strategic assets development, combinations and transformations and of sunk-cost investments in project-based industries. Indeed, the investigation of the mediating role of sunk-cost investments in the evaluation of commercial success leads to the development of a novel dynamic classification of strategic resources and to a better understanding of the mechanisms through which key stakeholders and investors become committed to a film project. It also corroborates the internal hierarchy of perfectly mobile resources in a film project in the USA: leading actors first, then directors.

The main conclusions of the paper also introduce new insights into the combination of novel symbolic artistic dimensions with more traditional commercial constructs and measures of performance in any symbol-intensive economic sector. In the American film sector, they confirm the precedence of commercial over artistic performance criteria. Last, they will prove useful to project managers in general and to business analysts of the film industry and film professionals in particular, whether they are already active in the American domestic theatrical film market or trying to tap into it.

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