THREE KEY WAYS IN WHICH SMALL ORGANISATIONS DIFFER FROM LARGE ORGANISATIONS IN THE MUSIC INDUSTRY

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Introduction

According to Blau and Scott (2003), "men set up an organization designed to coordinate the activities of many persons and to furnish incentives for others to join them for this purpose." Meanwhile, Greenwald (2008) suggested that an organisation is "a body of individuals working under a defined system of rules, assignments procedures, and relationships designed to achieve identifiable objectives and goals." That being said, three key differences between small and large organisations are being outlined and will be discussed in this report, that is the structure, culture, and flexibility.

"The UK music business is composed of rich, diverse and passionate organisations. Record companies are one part of a complex business that includes self employed individuals, small businesses and large multinational companies" (BPI, 2010). Burnett (1996) explained that a major record label is formed by a group of "vertically integrated multinationals" that rule the distribution and production of music. On the other hand, those small music firms are formed by a large sum of minor firms wielding independence. Meanwhile, Rutter (2016) stressed that small business in the context of the music industry refers to those independent labels which produce non-mainstream songs, no matter how its structure is formed.

Structure

Van de Ven (1976) suggested that complexity, formalisation and centralisation are the main key terms in forming an organisation structure. Basically, the fundamentals of an organisational structure could be determined by the way a company operates with regards to its internal and external surroundings (Wrench, 2012). Organisational structure is normally described as the way responsibility and power are allocated, and work procedures that are carried out among organizational members (Nahm et al., 2003). As a result, small and large organisations are significantly different from each other in allocating responsibilities and powers to an individual, while work procedures are relatively different as well. "Structural arrangements are designed to maintain efficient and effective performance through co-ordination and control" (Dawson. 1996).

In the music industry, another important term to determine the organisational structure is centralisation (Clark, 2004). Centralisation is described as how those top management teams positioned the power to themselves with regards to the others below them (Pettinger, 1996). Pugh et al. (1969) Carlisle (1974) and Mintzberg (1989) agreed that the number of employees

will play a part in determining a company's structure. This is definitely a significant difference between small and large organisations especially in the music industry where a small music firm can range from just 2 employees while a large music firm can have up to more than 500 employees.

Structure of small organisation

In small music businesses, communications are usually direct and it might lead to an immediate effect from employees. As such, some might argue that this will be one of the reasons behind their management capability. However, there is very little evidence in supporting this theory (Gray & Mabey, 2005). The marginality, resource constraints and isolation of many of these smaller firms means that their strategic choices are limited (Curran et al., 1998). Smaller firms engage in far less training than other firms (whether formal or informal), have higher rates of 'churn' (new entrants and early exits) and can ill afford to release precious staff for development activities because of time and skills pressures related to their small size (NJM European, Economic and Management Consultants, 2000; Noble, 1997; OECD, 2003). With regards to that, scouting for skilled people to join a small business company and keeping them is a real challenge, especially across Europe (EC,2002b, 2003). That being said, it is no surprise that the rate of employees joining and leaving a small label are higher compared to major labels.

In the Music industry, "structure is rarely present, concluding that operations normally rest upon informally organized cultures of music related activity" (Straw, 1993). It is exciting to know that small music labels are formed by entrepreneurs and small firms and have caused them to a moderate extent of diversity compared to those majors (Burnett, 1996). Small music firms are in fact structured to a certain extent so as to provide those major labels a kind of new product (Clark, 2004).

Structure of large organisation

According to Minzberg (1989), the bigger the size of a firm is, the more diverse structure it will produce, meaning that skills towards unit and specialization are more specific with more complex management elements. Many believe that large organisations have huge hierarchy structures and more resources such as assets and financial to cater to its employees needs. Large organisations require specific specialisation because of its complexity and "structural

arrangements that are designed to maintain efficient and effective performance through co-ordination and control" (Dawson. 1996).

According to Rutter (2016), since the 20th century, the music industry income have since been going down and have led to the reorganisation of the hierarchical structure of those major labels, where the number of managers are being cut down from time to time, hiring more of a youthful team to replace those experienced high wages seniors. Besides that, Rutter (2016) also claimed that the evolution of this new hierarchy has seen many experienced managers and executives set up their small music business firms with the help of their status, reputation and contacts.

Culture

According to Richard Perrin, organizational culture is the sum of values and rituals which serve as 'glue' to integrate the members of the organisation. Organisation cultures portrait the methodology which shows exactly how routines are done and the reaction that shows after their completion (Pettinger, 1996).

In the music business, it is not unusual to see employees look for a job based on the culture of an organisation that they preferred to work with. The idea of culture in the music industry provides more suggestions regarding "resistance to change to include awareness that structures and systems embody deep-seated values that may work against change" (Hinings et al. 1996).

Culture in Small organisation

One kind of culture that could be seen from small organisations is horizontal corporate culture (Paton, 2016), or known as 'the free spirit' culture. This is very often seen in small music companies as it produces a synergetic and open to opinion and feedback kind of mindset and are more likely to be able to adapt to change.

Clark (2004) has gathered some very useful information while carrying out a research on independent labels, which was extracted to this report. "I guess what we want is everyone to do their jobs but we don't have a very, kind of hierarchical system in terms of reporting and stuff like that. We operate informally because that's the point about being an independent record label." - Label Manager of Exodus Record. Another example can be seen through the

response of a General Manager of an independent label, who said that "We don't have a list of rules and regulations. I don't sit down and say 'You can do this, but you can't do that' it's just not that kind of thing". In addition, a team member of a different independent record label stated that "We share the same thoughts and feelings. Working practices vary obviously, because we do different things and we're different people so we all kind of work in our own way but it all ties together." Generally, this is the way small music companies operate.

Culture in Large organisation

The team-first corporate culture (Paton, 2016) normally hunts for people who could fit into the company's culture, while the experience and skills come later. This kind of company prioritises the happiness of its employees to the highest possibility. The best example to give in this scenario is Netflix where the company gives their employees unlimited leaves to work for them. One of the reasons behind this is through the understanding of the term 'happy employees make for happier customers'.

In addition, conventional corporate culture (Paton, 2016), or sometimes described as 'the traditionalist', is the norm and could often be seen in major labels. Let's take Universal Music Group to be an example, where they have countless rules and regulations for their employees. With the advancing technological and digital era that we are living in now, it has brought a major shift of companies following the traditional culture. According to Cassie Paton (2016), she stated in her blog that "traditional companies have clearly defined hierarchies and are still grappling with the learning curve for communicating through new medium." I strongly agree with this statement where major labels are catching up on the technological age to benefit the growth of the company with more efficient results.

One of the other cultures in large organisations is progressive culture (Paton, 2016) or 'the nomad' culture. This is the kind of culture where the company has a large turnover percentage. Employees in these large organisations usually exchange words with one another regarding the buyout of the company and the competition they are facing. Rumours, hatred and company politics tend to arise in this situation even in the cause of a slight change to the company management or it's rules and regulations. One of the best examples in the music industry which showcased the progressive culture is the merging of American Online (AOL)

and Time Warner (McGrath, 2015) of a $165million deal which is a disaster. Getting together with two different companies of two completely different cultures is not a good move. Because of the huge cultural difference between the two giant companies, those changes that were supposed to take place did not occur, misunderstandings and poor collaborations caused confusions and anger which eventually backfire on both parties.

Flexibility

Flexibility does play an important part in each music organisation especially for a label which operates in an ever changing environment, which must be adapted by all members to produce the best outcome for the aim and objectives of the organisation (Jaspreet, 2013). Top management people must be flexible and fast enough to solve issues with the guidance of strategic flexibility, as Shimizu and Hitt (2004) defined as the organisations ability to discover huge transformation within its external surroundings, rapidly providing supports to any sequence of activities in reaction to whatever transformation while identifying and functioning swiftly during a standstill or inverted prevailing resource commitment.

Strategic flexibility can be classified into five elements as suggested by Mackinnon et al. (2008), which are operational flexibility, human capital flexibility, information flexibility, supply chain flexibility, and financial flexibility. Again to stress the importance of strategic flexibility, it is the "ability of a firm to protect, react, reposition quickly or to adapt to highly volatile market environment conditions, with the help of its resources and capabilities, so as to maintain its competitive advantage." Jaspreet (2013).

Flexibility in small organisation

Small firms are more likely to have the tendency of flexibility in their services to fulfill customers' satisfaction (Johnson, 2011). Small music firms are usually more flexible when it comes to artist rosters (Shuker,2005). Johnson (2011) explained that the reason why flexibility is often the choice of a small organisation is down to three main reasons, the "organisational needs, individual needs, and the customer needs". In the 1950s, small labels tended to be more flexible in reconstructing the company and artist promotion because small labels do not possess the kind of corporate hierarchies which major labels do. (Shuker, 2005).

Flexibility in large organisation

Large organisations normally will have a bigger challenge in changing and responding to the customers' needs. (Johnson, 2011). This is because the procedures are much more complicated than that in a small organisation. Taking the previously mentioned case of AOL and Time Warner (McGrath, 2015), one other reason behind the failure of this merger is because of their inflexibility to adapt to the new culture. They are so used to each of their own styles of carrying out their day to day responsibilities in their respective companies and all of a sudden, they need to follow the new guidelines which they are not used to or comfortable with.

Conclusion

In conclusion, structures, cultures and flexibility are the three key differences which could vary significantly between small and large organisations. It is very important yet exciting to know how these elements could shape a company, especially within the music industry that is constantly evolving.

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