The social construction of quality in Brazilian Classical Music market

Neylson J. B. F. Crepalde (GIARS - UFMG)
Dr. Silvio Salej Higgins (GIARS - UFMG)
Dr. Emmanuel Lazega (CSO - SciencesPo)

October, 2017

1 Introduction

In order for the final product of an orchestra, the concert, come into existence e reach its destination, the public, a number of actors engage in multiple cooperation processes and mobilize multiple resources building a production network system, or what Howard Becker would call an "Art World". To Becker (2008, p. 1), "the existence of art worlds, as well as the way their existence affects both the production and consumption of art works, suggests a sociological approach to the arts".

On the other hand, if we pay attention to the common market dynamics, what we can perceive more easily is a highly competitive environment. The mentioned phenomenon is approached by Lazega (2009) from a different perspective: in the competitive world, actors constantly see themselves in situations where they seek market's stability making it viable. This does not happen simply because of the law of supply and demand but from producers positioning in a quality scale that differentiates their products. For this to be possible, full competition is not viable since there is some interdependence between producers. This vision is anchored on the relational prespective which conceives markets as social structures and enterprises, states, etc. as network structures (WHITE, 2008; WHITE, 2002; LAZEGA; HIGGINS, 2014).

The main goal of this work is to uncover the classical music market. This market still remains out of the common sense interest of economists, sociologists and other market scholars, maybe by chance, maybe by its high complexity and specificity.Before presenting our research questions and our goals, it is necessary to do an immersion in the specific literature in order to make a theoretical review as deep as possible. Afterwards, we will try to extract from the observation of the literature (considering what is already postulate and, above all, the identified gaps) the direction of our investigation.

Therefore, we will begin our work presenting the results of our biliographic research. It was made in two of the main abstract bases in sociology and economics[1]. We found that the

[1] Sociological Abstracts and Econlit.

scientific research on music market in the last 30 years is almost nonexistent. Afterwards, we will investigate what is already settled on cultural goods seeking to understand the challenges put by our research object. In the third chapter, we will present the theoretical framework adopted for the analysis, Social Network Analysis. In the fourth chapter, we will present the research design explaining what kind of data we intend to collect, the adopted procedures, the analysis and the expected results. Finally, we present a preliminary investigation with one of the orchestras in Belo Horizonte as well as the final discussion of this project.

2 Results of the Bibliographic Investigation

In order to investigate the "state of the art" in the research field that involves music market and music economics, we researched abstracts of published works between 1983 and 2014 ($n = 44$). To do that, we used seven keywords[2] in Sociological Abstracts and Econlit. 86.36% of the work found are research articles, four are doctoral dissertations and two are published books. Table 1 lists the types of study found. Table 2 lists the research methods used.

Table 1 – Type of Study

Case Study	6
Experimental Study	2
Exploratory Study	1
Historical Study	6
Qualitative	1
Quantitative	5
Economic Sociology	1
Institutionalist Economic Sociology	1

Source: Elaborated by the authors.

Table 2 – Research Method used

Multivariate Regression Analysis	1
Big Data	1
Big Data + Word Count	1
Comparative Analysis	1
Comparative Historical Analysis	1
Discourse Analysis	1
Economic Method	1
Field Theory / Organizational Theory	1
Documental Research	1
Rationalization	1
Social Network Analysis	3
Survey	1
Web-based Experiment	2
Interviews + Documentation Analysis + Statistics	1
Interviews + Music Journals + Promotional Literature	1

Source: Elaborated by the author.

[2] Music Market, Classical Music Market, Symphony Orchestras, Orchestra Market, Classical Music Economics, Classical Music Production and Music.

The investigation themes appear on the revised works on a very diffuse way. We found some publications approaching cultural aspects that influence music market, musicians labor market, gender relations and labor division, financing and patronage, music consumption and the variable that explain it, musical taste, aesthetic standards, cultural identity and national/folk music, social history of musicians, the musical repertoire canon, conductor's leadership and participation/satisfaction of musicians, ancient music, digital revolution and music industry.

3 Os produtos culturais

Our fisrt challenge lies in the fact that we are dealing with an object that defies the majority of economic theory assumptions. Let us begin establishing some fundamental differences between common goods and cultural goods. According to Tolila (2007), goods are understood by four objective criteria, namely, its physical properties (which, in this case are directly related to the quality of the product), date and local where it is available and what conditions its delivery in a certain universe, i.e., without uncertainties. The quality of a good, in this perspective, can be decomposed in a bunge of objective elements, i.e., clearly measurable e hierarchical. Moreover, in neoclassical economic theory every good is considered a "private good" and, therefore, "exclusive and rival" in consumption. To cite an example, "a coffee, a sandwich, a shirt, a pair of shoes, a chair, etc., are exclusive because it is possible to stop me from getting them (...); on the other hand, each of these goods is exclusive because in the moment I enjoy it, no other person can enjoy it as well" (TOLILA, 2007, p. 29). Cultural products in general are not exclusive; one can, for instance, admire a beautiful historic building without having to pay for it. Neither they are rivals in consumption; the pleasure of attending a concert is not diminished by the presence of other people.

This sector of the economy is defined by its logic towards production, unlike market of consumer goods. States and public collectives has shown growing interest on cultural industry, what can be verified by policy making, by specialized administrations, allocation of resources directed specifically to this sector and the emergence of a whole network of institutions and professionals acting in this sector, most of them financed by public resources (TOLILA, 2007).

Musical performances have also another peculiarity regarding the nature of its existence in which resides a large part of the methodological difficulties that surround them. Tolila (2007) explains it: "What is music? The score? No. The orchestra musicians? No. The conductor? Neither. In fact, it is almost impossible to define music as a "thing" because it only exists in fact in the very moment it is heard, that is, in a relation with the listener" (TOLILA, 2007, p. 109).

Thus, music (as well as dance and theater) assumes a special mode of existence that involves the participation of all the elements of actors mentioned, that is, the score, the musicians, the conductor, etc., in the construction of its materiality which only exists (and can only be consumed) in the listening moment. According to Benhamou (2007, p. 54), "competition takes a paradoxical form of a competition between institutions the offer unique and ehpemeral goods"

where economic actors behavior tend to discriminatory monopolies. To the author, the sector is characterized by a constant fragility because of periodic cost elevations and the almost absence of productivity reserves. In fact, as we will see, the current paradigm, regarding the economic theory of live performances, points to an inevitable deficit state.

4 Baumol and Bowen's model – The Cost Disease

Baumol and Bowen did, under Ford Foundation demand in 1965, a research aiming to diagnose the economic situation of Broadway theaters (BENHAMOU, 2007). Their findings are considered valid to this day. To Baumol e Bowen (1966 apud BENHAMOU, 2007) economy is divided in two sector, (1) archaic and (2) progressive. Archaic sector does not have the possibility of generating productivity gains while progressive sector generates productivity gains from innovations, from scale economy and accumulation of capital. Live performanceis part of the archaic sector because of the position that work has on it.

Baumol and Bowen's model is based on three hypotheses:

1. Economy is divided in two sectors, archaic and progressive. In archaic sector, where live performance lies, work productivity is constant or has little increases and the amount of work cannot be diminished without denaturing the product. Be $L_{1,t}$ the volume of work employed in archaic sector in moment t and a a constant value, the quantity of product in the archaic sector in moment t ($Y_{1,t}$) is obtained by

$$Y_{1,t} = aL_{1,t}$$

.

Be $Y_{2,t}$ and $L_{2,t}$ respectively the quantity of product in the progressive sector in moment t and the amount of work employed on progressive sector in moment t, be r the rate of increase in labor productivity and b a constant, the quantity of product in the progressive sector is obtained by

$$Y_{2,t} = bL_{2,t}[1+r]^t$$

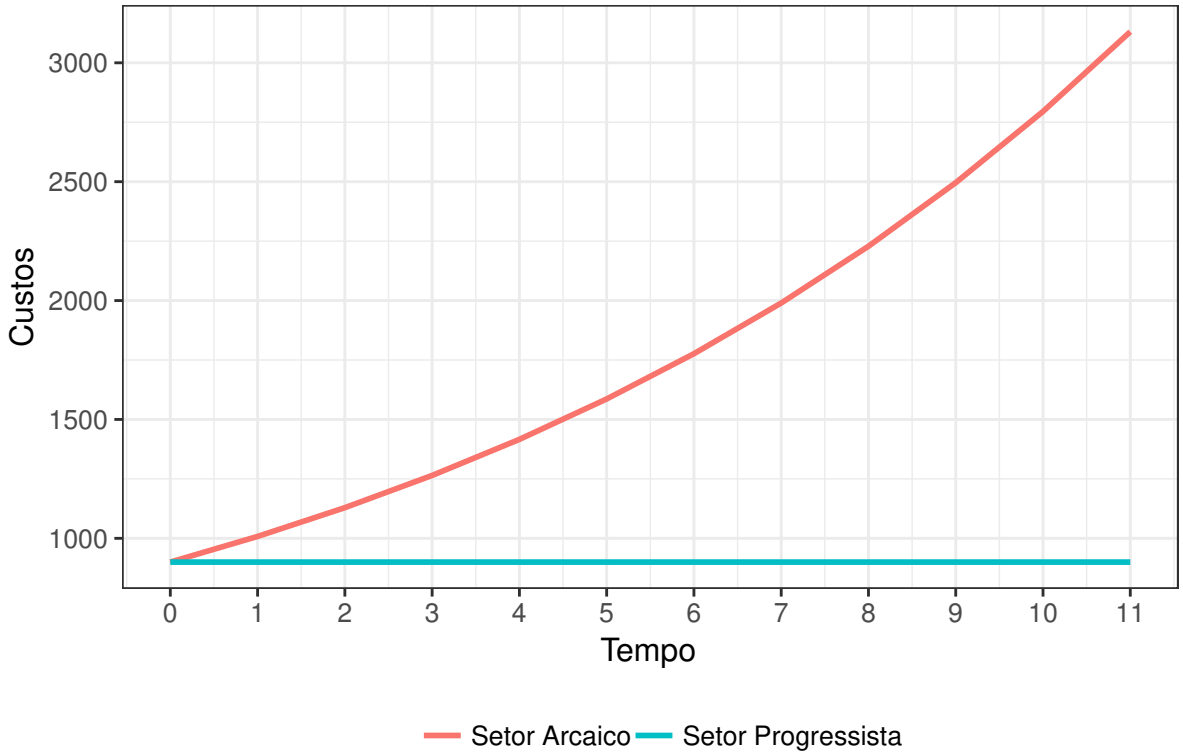
2. Production costs, compared only to wage costs (W), evolve in the same pace and direction that productivity in the progressive sextor, that is, $W_{1,t} = W_{2,t} = W_t = W[1+r]^t$. The relative costs of each sector are, therefore, given by

$$C_1 = \frac{W_t L_{1,t}}{Y_{1,t}} = \frac{W(1+r)^t L_{1,t}}{aL_{1,t}} = \frac{W(1+r)^t}{a}$$

$$C_2 = \frac{W_t L_{2,t}}{Y_{2,t}} = \frac{W(1+r)^t L_{2,t}}{bL_{2,t}(1+r)^t} = \frac{W}{b}$$

Thus, the cost by unit of product obtained raises indefinitely in the archaic sector and remains constant in the progressive sector. Production cost functions in both sectors is represented in Figure 1.

Figure 1 – Custos de Produção



Source: Elaboração do autor.

3. "The demand of live shows is elastic; any price increase leads to a public reduction" (BENHAMOU, 2007, p. 56). If the prices are proportional to the relative costs in both sectors, $P_1 = \alpha C_1$ and $P_2 = \beta C_2$, then

$$\frac{P_1 Y_1}{P_2 Y_2} = \frac{\alpha C_1 Y_1}{\beta C_2 Y_2} = Cte$$

or

$$\frac{C_1 Y_1}{C_2 Y_2} = \frac{W(1+r)^t \cdot L_{1,t}}{W(1+r)^t \cdot L_{2,t}} = \frac{L_{1,t}}{L_{2,t}} = K_0$$

and

$$\frac{Y_1}{Y_2} = \frac{aL_{1,t}}{bL_{2,t}(1+r)^t} = \frac{aK_0}{b(1+r)^t}$$

"When t increases, $\frac{Y_1}{Y_2}$ decreases and when $t \to \infty$, $\frac{Y_1}{Y_2} \to 0$" (BENHAMOU, 2007, p. 57). Thus, production in the archaic sector fatally descreases.

Complementarily to Baumol's law, Throsby (1994) develops a function of live performance production which can be synthesized in this way:

The number os presentations in a given season must be fixed taking into account the capacity of the auditorium v. Be L^s and K^s the necessary work and capital to a production, be L^r and K^r the work and capital required by each performance of the production, the number of spectators

of the performance i of the production j, y_{ij}, such that $y_{ij} \leq v$, is given by

$$y_j = \sum_i y_{ij} = y_i(L_j^s, K_j^s, m_j, q_j)$$

where

the number of performances of the production j

$$m_j = m_j(L_j^r, K_j^r)$$

and q_j summarizes the qualities of the production j which, in this context, can be measured by the lavishness of the production. In this case, q_j is not independent of L^s and K^s. It is expected that

$$\frac{\partial y_j}{\partial m_j} > 0 \quad , \quad \frac{\partial^2 y_j}{\partial m_j^2} < 0,$$

that is, extend the season can decrease the spectators number in the margin.

According to Benhamou (2007, p. 59) "the conclusion of Baumol's model is the ineluctability of the increase on deficit of live performance". This model has been corroborated by many researches (THROSBY; WITHERS, 1979; LEROY, 1980; PEACOCK; SHOESMITH; MILLNER, 1983; BAUMOL; BAUMOL, 1984; DIAS, 2011, e.g.) and, to Benhamou (2007, p. 54), this sector characteristic is suficient to justify the increase of public subsidies and the practice of patronage even in view of the fact that "this massive intervention, distributed in a very unequal way, is not enough to ensure to the sector a lasting financial equilibrium". To Baumol e Bowen (1966 apud LUKSETICH, 2011, p. 320), "if one agrees that the performing arts confer general benefits on the community as a whole... the arts are public goods whose benefits demonstrably exceed the receipts one can hope to collect at the box office".

Baumol's analysis pointing the specificities of the sector contributed to both the development of the research program that we know today as economy of culture and the recognition of the necessity of binding live performances to the subsidized non-commercial sphere. Let us continue examining how brazilian cultural market obtains its resources and its main financing mechanism, the laws to encourage culture.

5 The Social Construction of Markets

To Harrison White (2002), markets are not given but are social structures that emerge from complex interactions between its components. This interactions can occur competitively and, we argue, cooperatively aiming the stabilization of the market and the reduction of White calls knightian uncertainty[3]

White's theory aims to explain "how firms minimize uncertanty by forming a market as a collection of niches based on signals observed in their commitments" (WHITE, 2002, p. xiii). What is a production market? The answer to this question pass through two dimensions. The first relates to the independent nature of its structure, that is, an emergence from dependencies

[3] In reference to the american economist Frank H. Knight.

on its own flows. The second concerns its operation mechanism which consists of commits by several firms in product flows in which the demand of the aggregate buyer was incorporated. To White (2002, p. 1) "Resulting streams of differentiated goods or services from the market get split among diverse buyers as equally good options: The market discipline centers on product quality". This is a central point in our study object's description. Nevertheless, what would be market disciplines?

White (2008, p. 63) indicates that "Disciplines offer rules of the games that yield coordination in tasks in an otherwise messy world". Disciplines allow joint action giving order to ties between identities in a network. Each discipline has a type of process that aggregates joint action. They have also an order of a specifical value by which the struture is hierarchically organized (therefeore, we can also understand disciplines as a local status system). Among ideal types of disciplines, the one which applies the best to markets is called *interface*. Its typical process is the *commit* that generates productive flows. The typical distinctive value of this discipline is *quality*.

How, then, can we undestand the statiblization of a markets interface? Which of its properties can collapse to the "knightian uncertainty"?

5.1 Stabilizing the knightian uncertainty

Transações num mercado tem mais a ver com interações repetitivas do que com momentos únicos. Desse modo, o volume de fluxos de produtos em um mercado pode funcionar como um sinalizador para os produtores sobre os engajamentos. Nas palavras de White:

> Cada um [produtor] pode se orientar em direção a um nicho pelo tamanho que é apropriado à avaliação do mercado de sua própria qualidade comparada à de seus companheiros que também se orientarão aos nichos: o mercado como uma construção social conjunta[4]. (WHITE, 2002, p. 10)

Atrelado à interface do mercado está a noção de qualidade que, embora seja comumente tomada por uma característica inerente aos produtos, emerge das interações entre julgamentos tanto de produtores quanto de compradores. Desse modo,

> É uma noção dual de qualidade diferencial referente tanto a produto como a produtor que se torna estabelecida como o centro em volta do qual um conjunto de solos sólidos[5] [*footings*] para produtores pode se reproduzir como solos sólidos em um perfil de mercado conjunto. Os dois lados, compradores e produtores, exercem pressões concorrentes no formato desse perfil, pressões que são correlacionadas com suas respectivas discriminações de qualidade[6]. (WHITE, 2002, p. 10)

[4] Each can orient to a niche by the size that is appropriate to the market's assessment of its quality compared to that of its fellows, who also are orienting to niches: the market as a joint social construction.

[5] White (2008) caracteriza os *footings* ou solos sólidos como definições compartilhadas da vida social sobre a qual os indivíduos orientam sua ação e sua interpretação da ação do outro.

[6] (...) it is dual notions of differential quality, referent both to product and to producer, that become established as the core around which a set of market footings for producers can reproduce itself as footings in a joint market profile. The two sides, buyers and producers, exert contending pressures on the shape of this profile, pressures that correlate with their respective discriminations of quality.

Cada produtor busca diferenciar seu produto e ao mesmo tempo reconhece um sistema de diferenciação – o índice de qualidade – para sua versão de um produto no mercado. Nesse contexto, as escolhas interagem com influência e calibram os engajamentos repetidos de fluxos de produção e de pagamentos. Essa interação entre escolhas pressupõe um mínimo de comparabilidade o que é obtido de uma forma mais simples numa ordem linear de precedência. "A reputação num ordenamento individual é a moeda de disciplina para mercados de produção" (WHITE, 2002, p. 10), o que se torna difícil de sustentar com muitos participantes devido às nossas limitações cognitivas e de percepção.

5.2 The mechanism behind production

According to White (2002, p. 12), flow commits are related to nine phenomena:

1. a *small number* of recognized firms that constitute a business line;
2. an *identity* related to that specific market;
3. an unequal ranking between firms including their profit distribution and product commits in the market;
4. firms aim *profit* and do not commit, as orthodox economic theory states, to a *zero sum system*;
5. if conditions allow the production raise, one would expect that unitary cost diminishes generating (bigger return);
6. in some business lines, the recognition of a superior quality product demands smaller structural costs than other products with acknowledged inferior quality;
7. *monopolies* are extremely *rare*;
8. there is a recognized *life cicle* of products in a market;
9. *decoupling* occurs according to variabilities and ways of the market, not necessarily by supply and demand.

These phenomena are explicable by themselves and crossed by an operationalized model with specific parameters. The model makes a fundamental assumption that quality and identity are not build one from the other but produce each other inside firm interaction in a market. Quality is understood here as a social construction, not like an evident attribute.

6 Fligstein's model

Neil Fligstein (2002) builds a theory on the emergence and functioning of markets slightly different from White. Fligstein also takes into account a relational structure where firm interact

between themselves and the generalized buyer seeking the stability of the market (and consequent subsistence of all). The main difference is about State participation. While White does not make major considerations on the hole of the State on the emergence and functioning of production markets, Fligstein elaborates his theoretical scheme identifying the State structure as central to market development. Why States? - asks Fligstein. His answer is "as the possibility for complex patterns of interaction in the sphere of economic exchange has expanded, actors have proven incapable of providing rules for themselves" (FLIGSTEIN, 2002, p. 27-8) and therefore appeal to the State as a rule provider so the economic game can happen fairly.

Fligstein (2002) conceives markets as "fields" social arenas where sellers and buyers meet. These arenas obey four pure types of rules for the production and reproduction of its structure:

1. property rights;
2. governance structures;
3. rules of exchange and
4. conceptions of control.

These forms of regulation are inclusive; the higher level necessarily contains the lower. Property rights are, according to Fligstein, rules that defines who has rights over firms income. Common forms of property rights are patents and credentials. These rules are *sine qua non* conditions of existence for markets since they define the relations between who has possession of some good and all the others stabilizing markets. "Property rights thus function to produce two forms of stability: defining the power relationships between constituencies in and around firms, and signaling to other firms who firms are" (FLIGSTEIN, 2002, p. 34).

Governance structures are general rules structures on society level that define competitive and cooperative relations between firms and also their internal organizations. These rules define legal and ilegal forms of competition control in the market. They can be laws or social norms although they can assume great variability.

Exchange rules define who can engage in business transactions with whom as well as its conditions. Rules also apply to weights, common patterns, delivery, billing, insurance, financial trade and contract signing. "Rules of exchange help stabilize markets by ensuring that exchanges occur under conditions that apply to everyone" (FLIGSTEIN, 2002, p. 35).

"Conceptions of control reflect market-specific agreements between actors in firms on principles of internal organization (...), tactics for competition or cooperation (...), and the hierarchy or status ordering of firms in a given market" (FLIGSTEIN, 2002, p. 35). They are, in their essence, cultural-historical byproducts.

> A stable market is a social field in which a conception of control defines the social relations between incumbent and challenger seller firms such that the incumbent firms reproduce those relations on a period-to-period basis. The purpose of action in a given market is to create and maintain stable worlds within and across firms that allow dominant seller firms to survive. (FLIGSTEIN, 2002, p. 35)

Conceptions of control evidence also a political element in markets regarding the maintenance of current hierarchical order, its reproduction and its manifestation on the process of defining quality standards and certification. Conceptions of control lead to questions like "who controls entrance and exit of a competitive system?" or "how challengers and dominants relate"?

To Fligstein (2002), in a market, the price is a reliable quality index. Enterprises are impelled by price competition to differentiate their products forming niches as a form of protection against instability. Diversification of the product catalog is also a dominant strategy to decrease risk. "A firm can produce multiple products that reduce their dependence on any one product and, hence, increase the likelihood that the firm will survive" (KAY, 1997 apud FLIGSTEIN, 2002, p. 74).

We still need a deeper investigation on the the acting processes of firms on a daily basis commiting in movements at the same time of competition and cooperation. Organizatinal isomorphisms is a concept that seems to throw light on these processes.

7 The search for market's stability

To Lazega (2009), firms' search for stability in a market passes through a quality concept collectively constructed from relations between firms. When acting, firms engage in processes of competition and cooperation at the same time – what is known in economic sociology as *coopetition*. Organizations do not conduct their business in isolation but they are necessarily dependent of some resources that forces them to make cooperation ties to other organizations. This relations may manifest in a legal and social framework more or less defined. According to Lazega (2009, p. 568), "Ces resources interorganisationnelles, échangés à travers des liens multiplexes, et pouvant consister en de l'apprentissage, des biens, des services, ne sont pas forcément de nature monétaire ou purement fonctionnelle".

When acting, the entrepreneur seeks structuration of his interaction and business context aiming his own safety and the safety of his relational investments in the market. This process, which has a strong capacity for politicization, leads the entrepreneur to a contextual autorestriction regarding his comercial partners selection. To Lazega

> L'échange social conduit ainsi l'entrepreneur à une forme d'autodiscipline sociale qui s'appuie en fait sur une endogénéisation (...) des structures relationnelles. Cette endogénéisation prend la forme de l'entretien ou de la construction de niches sociales ainsi que celle d'une entrée dans la concurrence de statut social. (LAZEGA, 2009, p. 572)

The search for social niches, therefore, is a first means of mobilization of an opportunity structure. The social niche can be thus defined as "(...) le sous-ensemble de collègues-concurrents avec lesquels il/elle a des relations spécialement denses, multifonctionnelles, durables et liées, directement ou indirectement, à ses activités de production" (LAZEGA, 2009, p. 575).

In the structuration of the social ties that composes the market, social processes articulate with emerging social disciplines providing a cognitive structure through which one can guide economic action. In this articulation, four social processes engage with disciplines:

1. Collective learning;
2. Solidarity phenomena;
3. Social control and
4. Regulation and institutionalization.

Collective learning occur from information clows, resources (human or material) and through tacit knowledge exchanges. Solidarity phenomena can occur in the presence of threats of instability in the market. Comercial agreements, collectives, associations between enterprises that, although competitors, cooperate, emerge as a space conquer strategy in social field. Social control is facilitated by social niches and by recognizing a status structure between organizations. Finally, regulation and institutionalization processes consist of the redefinition of the rules of the game. In this process, organizations compete and cooperate to establish a reference language, a common normative body.

In addressing the same phenomenon, the structuration of a market field, DiMaggio e Powell (1983) mobilize the *isomorphism* concept to give account of the competition-cooperation processes in which organizations engage. This authors part from a broad diagnosis attributed to the weberian sociollogy regarding the increasing rationalization of industrial world. If the rational action in markets is competitive, we would expect greater diversification of organizational forms, each one seeking different means of subsistence. This is not what the authors perceive.

Once diverse organizations engage in the same market line forming a structure (a field), the processes that lead to similarities start emerging with robustness. However, what are we talking about when we talk about isomorphisms? DiMaggio e Powell (1983, p. 149) define the term as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions".

DiMaggio e Powell (1983) cite three isomorphism mechanisms: (1) coercive isomorphisms, (2) mimetic isomorphisms and (3) normative isomorphisms. Coercive isomorphisms result from formal and informal pressures on enterprises. Expectations related to social norms or cultural standards are also triggers to this mechanism. Sometimes, the State can also boost this kind of isomorphism establishing new control policies.

Mimetic isomorphisms arise in response to market uncertainty. When facing a scenario of uncertanties, a firm can imitate the model adopted by a successful firm in the market. Normative isomorphisms come from regulations and traditions as well as, mainly, growing professionalization. A professional collective can, for instance, undertake efforts to define conditions and methods of its professional stratum, establish control criteria or establish a cognitive and legitimating basis for occupational autonomy.

Isomorphism processes shed light on the observed behavior of the orchestras in general (although it is difficult to explain how the three pure types operate simultaneously). We argued that all orchestral groups are committed to a common quality standard by which they are placed in a hierarchy within the structure perceived by themselves and the public. Attempts of replacement inside the hierarchy, for instance, can be undertaken through internal reformulation aiming to get closer of the dominant group's characteristics in that scenario. In order to do that, the orchestra will use cooperation mechanisms (with the several identities that integrate the market) where it will learn processes, get resources, etc.

Until here, the various theoretical frameworks seem to converge in a complementary way regarding the analysis of orchestral music market. One of our efforts in this work is to build a theoretical synthesis that is comprehensive enough to account for such a specific object that defies neoclassical economic theory and classical sociological theory. Next, we present the analysis model that guides this investigation.

8 Analysis

8.1 Theoretical synthesis

In this work, we seek to understand how the market for orchestral music production works, as well as its operational bases. Here, markets will be analyzed as network structures (WHITE, 2002). The discipline which orchestral music market works around is an *interface* and its value order is given by **quality** (WHITE, 2002). Quality is the regulator of joint action because all market participants regardless of their nature (individual or organization) get their basic social life normative from it as it is embedded in the structure. Put another way, it is from perceived quality and from orchestras *ranking* on a quality scale as a regulatory framework (market's interface) that agents (identities) act on this structure. Quality, however, is not something inherent in organizations but it is an attribute that emerges from multiple interactions on organizational level and also on individual level. *To explain how quality emerges in orchestras market is the center of this investigation.*

Beyond the disciplines, orchestral music market finds in the State its second most important articulator. According to Fligstein (2002), State has a fundamental hole in regulation and, consequently, in stabilizing markets. In Brazilian context, State is the main funder of the orchestras even if it is indirect funding (through laws to encourage culture). Laws to encourage culture work as catalysts of cultural production in the country (whether at federal, state or municipal level) and there are only a few productions out of its scope. They are usually more focused on entertainment. The only productions that are capable of subsisting without this financing mechanism are, usually, big concerts or big spectables promoted by big companies.

At the organization level, it is possible to point out some attributes that exert influence on the construction of its identity and, therefore, its positioning in market structure. These are the *financial inventives*, the *non-financial incentives*, and *management capacity* of the organization or its institutional maintainer. We suspect that there is a strong correlation between orchestras

musicians salary and the perception of the orchestras positioning in quality ranking. In the same way, orchestras can create incentive systems to musicians where the musicians best interest can be the prestige of his position of his personal fulfillment. An internal audition to choose a soloist to one of the season's concert or a picture of a musician stamped in the orchestras brochure are examples of non-financial incentives. Finally, when we refer to and institution management capacity, we are looking at its formal structure. It is reasonable to think that an organization that has a more complex formal structure would be better evaluated in quality ranking than an organization that has a simpler formal structure. The common statement in the field is that "more organized orchestras are better".

According to DiMaggio e Powell (1983), organizations engage themselves in processes that lead them to become more and more alike.These isomorphisms happen as a strategy for stabilization and safety against market uncertainties. In the case of the orchestras, that seems like a strategy for differentiation in market niches clearly noticeable, specially regarding orchestras style or specialty. Today, there are orchestras specialized on ancient music, on contemporary music, on pop music, etc.

We saw that in everyday activities, although they are competing, organization enter into supra-intentional cooperation processes as a strategy to stabilizing markets. This is known as *coopetition* (LAZEGA, 2009). In orchestras' market, this process can happen by resources exchange (scores, equipment, financial help) and by information and knowledge exchange. Musicians that play in more than one orchestra, invited conductors and soloists can be triggers for exchanging knowledge.

At the individual level, we can identify some attributes that may have influence on quality attributed to an orchestra. These attributes pass through skills acquired by musicians to which both the training environment and the teacher are important – the construction of artistic skills, we argue, has a technical dimension related to his hability to play the instrument and a symbolic dimension related to the prestige of his teacher and his training institution. Furthermore, at the interaction level we can verify a status system between musicians and a system of collaboration and learning.

Given these brief initial definitions, we can make explicit some central propositions that will guide our reasoning: (1) orchestral music production markets operate and stabilize anchored in a shared quality standard to which everyone takes commitment. This quality standard also gives rise to an interorganizational order that reflects market's interface and that is widely recognized. (2) Quality, the main articulator of this structure, emerges from market itself in the flow of interactions between organizations and agents. The agents with the greatest weight in the emergence of quality are teachers and *hubs*, musicians with large centrality in the structure.

We shall present now our main hypotheses.

Hypothesis 1 *Quality standard, the gravity center of orchestras' market, emerges from its own structure.*

At the individual level, we argue that

Hypothesis 2 *Orchestra musicians shape the quality standard that regulates orchestras' market regarding its normative concepts.*

We argue that the concept of a "good orchestra", a "good performance", a "good instrumental technique", emerge from the bottom up and not from top to bottom, that is, from individuals, not from meso level or structural level.

At the meso level, organizations level,

Hypothesis 3 *The incentives structure provided by organizations (orchestras), shapes the quality standard.*

The more incentives orchestras provide to the musicians, the more they tend to occupy the top positions of the quality ranking.

Hypothesis 4 *Orchestras formal structure or their maintainer's formal structure is positively related to its positioning in quality ranking.*

Finally, at the macro level, the market level and its relation with the State, we argue that

Hypothesis 5 *The State shapes the quality standard that regulates orchestras' market regarding its ranking.*

We argue that organizations that have a more stable relationship with the State and receive greater financial contributions from it, whether directly or indirectly, tend to occupy the top positions of the quality ranking.

Our study object, therefore, presents itself in three levels: the structural level represented by market as a whole and its relationship with the State, the meso level represented by social groupings, in this case, orchestras and organizations, and the micro, individual level. This perception of our object suggests a multilevel approach. In sociology, multilevel statistical models are already robust in research groups. Recently, scholars that work with network analysis have made efforts to merge multilevel analysis to relational data with great success. We will explain now the main analysis strategies coming from this new methodological framework.

8.2 The multilevel approach

Brailly et al. (2016) study an international organizations market. According to the authors, behind the interorganizational relations there are always individual ties. Some organizations need interpersonal meeting to initiate joint actions or partnerships. As the partnerships repeat, the relation becomes more and more interorganizational and less interpersonal untill they do not need meetings of specific members. The authors argue that for a better understanding of a mercantile phenomenon, one should study the complex articulations between these two levels of action.

In network studies, both levels have been taken into account although one at a time. Either authors concentrate on organizational level (and pay attention to ties such as commercial

alliances, exchanges, partnerships that affect performance and enterprises' chances of survival) or they concentrate on individual level (identifying informal networks as friendship networks, advising, collaboration, resources and information exchange, etc.). Brailly et al. (2016) argue that economic activities and markets are shaped by the two levels that operate interdependently. "A deal between two companies, which is an inter-organizational tie, depends on inter-individual relationships and *vice versa*. Economic relationships such as deals between two organizations and informal relationships between their members are interdependent" (BRAILLY et al., 2016, p. 246). Both levels are, therefore, overlapping and partially nested.

To consider mercantile trade as multilevel phenomena implies two hypotheses: (1) the *horizontal structural dependence hypothesis* inside both levels and (2) the *vertical structural dependence hypothesis* between levels. The former states that actors in both levels act in social context. The latter states that an individual's network depends on his company's network and vice versa.

Two analysis strategies are mobilized in this perspective. To analyze horizontal dependence in both levels, the authors propose using ERGM because this model contextualizes internodal ties in their immediate neighborhood (e.g., centrality, diads, triads, and other more complex structures). To analyze vertical dependence, the authors retake as intuition common to SNA that consists of transforming 2-mode networks to 1-mode networks. This transformation allocates a tie between organizations that have a member in common and allocates a tie between individuals who participate in a same organization. The authors propose, therefore, an articulation of these techniques as a new approach that can give account of both dependences.

8.3 Proposed indicators

In order to operationalize the research design described above, we will look for the following indicators: to verify the current quality standard, we will check musicians' representation of the ranking, the average ticket price, the number of concerts in a season and total investment. The average ticket price is adopted here as a quality proxy based on the finding of Throsby (1983) (the demand is inelastic in relation to the price but highly correlated in relation to perceived quality). We argue that this is a goood proxy because people would be willing to pay more for a concert they see as high quality. The number of concerts and total budget seem, at first sight, not so good proxies as the other one for there is a risk of falling into a tautology. Orchestras are good because they have more money or they have more money because they are good? They play more because they are good or they are considered good because they play a lot? However, we argue that, if we adopt these indicators with parsimony and always conjugated with other variables, these indicators can give valuable insights on the field. We intend to test a quality index that will be created from the agglutination of these variables through a factor analysis[7].

[7] In very general terms, factor analysis is a multivariate analysis technique that aims to reduce complexity by decreasing the number of dimensions to be analyzed in indexes or scores (MINGOTI, 2005).

To capture interactions at the individual level, we will build musicians networks from sociometric surveys. We will adopt degree centrality, betweeness centrality and constraint as indicators for finding *hubs*. The attributes of the individuals will be measured by the country of origin, the city of origin, training institution and teacher. This indicators show us a little of musicians' context and how he can be situated *a priori* in a prestige scale within the field.

The incentive structure offered by the orchestra will be measured through average salary and salaries of musicians[8]. The non-financial incentives will be measured by the number of times an orchestra member played as a soloist or in a chamber music concert in the orchestras' season[9]. The management complexity will be measured by the quantity of sections and boards that the orchestra/maintainer have and by the amount of hierarchical levels between the intrumentalist and the CEO.

Indicators chosen to measure the level of interaction with State are the amount of investment from the State itself and the existence/quantity of contracts, covenants and partnerships signed. The concepts mobilized and the proposed indicators are summarized in the table 3.

Table 3 – Proposed Indicators

Concept	**Indicator**
Quality	Musicians perception Average ticket price Number of concerts in a season Total financing Quality index (new)
Individual interaction	Networks Centrality measures Constraint
Individual Context	Country of origin City of origin Formation institution Professor
Incentive Structure	Average income Income by specific function Presentation as a soloist or in selected chamber groups
Management Complexity	Number of boards/sections Level-distance from the musician to the CEO
Interaction with the State	Total financing from the State Number of partnership contracts

Source: Elaborated by the author.

9 Data and Methods

.....

This research project aims to look into the market of classical music in the Southeast region of Brazil. The research is guided by two main questions: 1) Understanding that the orchestras'

[8] We intend to compare both the average salary and specific salary by function, e.g., concertmaster and other leaders inside the orchestra that commonly earn more money than the other section musicians.

[9] It is common to professional orchestras to organize concerts with smaller ensembles as string quartets or brass quintets with selected musicians.

market does not operate as an usual market, how does it work?; who are the actors involved and which are the actions that each one develops within the system? 2) Which are the conditions and social factors of the production of orchestral music quality standards, i.e., how this quality standard to which everyone is commited to is produced and sustained?

To develop our study, it is necessary to transcend the limits with which the economic theory encountered when addressing cultural products. In all it's history, economic theory has anchored his main discoveries in two assumptions. The first leads to the idea of *homo economicus*, i.e., the rational actor who makes decisions aiming to boost profits and reduce losses. To do that, he has access to complete information and he is capable of processing them entirely. This assumption gives the economy the capacity of elaborating elegant models to explain people's choices and preferences but cannot incorporate a central part of social life: culture. Economic sociology has develop itself mainly addressing the gaps left by this assumption seeking to give account for how social norms, values, status systems and prestige influence economic action. Put another way, a sociological perspective makes possible to see relational factors that help to answer classical questions of economy while it brings the studies closer to reality even if it does not have such elegant models or such consistent logic (HIRSCH; MICHAELS; FRIEDMAN, 1987). Economic sociology is worried with contextual elements of economic trades, i.e., to analyze how interactions between actors bring out a market and how this interactions regulate and control the markets.

The second assumption is the general characterization of market products. The products are understood by four objective criteria, namely, their physical properties (which in this case are directly related to the quality of the concerned product), the date and the place where they are available and what determines their delivery within a certain universe, i.e., without uncertainties. The quality of a product, in this view, can be decomposed into a series of objective elements, i.e., clearly measurable and ordered. Moreover, in classical economic theory every good is considered a " private good " and therefore "unique and rival" in its consumption. To give an example, "a cup of coffee, a sandwich, a shirt, a pair of shoes, a chair, etc., are exclusive property because you can prevent me to get them (. . .); on the other hand, each of these goods is for exclusive consumption because in the moment that I enjoy it, no one else can enjoy it" (TOLILA, 2007, p. 29). However, the cultural products, generally, are not unique; You can, for example, admire a beautiful historic building on the street without having to pay for it. Nor they are rival in consumption; the pleasure of attending a concert is not diminished by the presence of other people in the audience.

The cultural industry is also defined by its supply logic turned to production instead of consumption, unlike ordinary goods markets. To Tolila (2007, p. 32), "this supply logic characterizes well, among others, the action of public policies in terms of investiment, help, and the sustenance of cultural activities, from patrimony to live performance, and in terms of incentives to cultural practices". In fact, States and public collectivities have shown growing interest in cultural industry, which can be verified through public policies, specialized administrations, resources allocation driven specifically to this industry and the emergence of a whole network

of institutions and professionals in cultural industry, most of them financed by public resources (TOLILA, 2007).

The symbolic value of cultural goods constitutes, for us, a central element in the comprehension of our study object, although, counteracting again the classic economic theory, it is not objective in its nature but relational and individual, i.e., it only exists when it is recognized by the individual in the moment of its consumption. For the symbolic value of a determined good to be recognized, there must be adequate cognitive structures to the comprehension and fruition of the good, in other words, mental schemes acquired by previous artistic education (BOURDIEU; DARBEL, 2003).

The musical performances have still a peculiarity related to the nature of their existence in which lies much of the methodological difficulties that surround them. Tolila (2007) explains:

> What is music? The writen score? No. The musicians of the orchestra? No. The conductor? Neither. In fact, it is almost impossible to define music as a "thing" (a table, a chair, a house, etc.) for it only exists *de facto* in the moment that it is heard, i.e., in a relation with the listener[10]. (TOLILA, 2007, p. 109)

Thus, the music (as well as dance and theater, for instance) assumes a special mode of existence that involves the participation of all elements or actors mentioned, i.e., the score, the musicians, the conductor, etc., in the construction of its materiality which only exists (and therefore is only possible to be consumed) in the very moment of its hearing.

(KARPIK, 2009) treats the same object under the perspective of "économie de singularités". To this author, singular goods and services "are unknown by neoclassical economic theory. They do not exist"[11] (KARPIK, 2009, p. 163). The singularities are flagged by the presence of *good* in their characterization as a diferential in a comparison between qualities, i.e., the *good* wine, the *good* music, the *good* orchestra, etc.

> The singularities are goods and services *structured, uncertain and incommensurable.* Those three characteristics *combined* characterize all the singularities as unique, multiple and their material support prescinds of industrial production, once their symbolic power is maintained and, consequently, their capacity of receiving an indetermined number of particular interpretations[12]. (KARPIK, 2009, p. 164)

According to the network theory, the definition of "good" emerge from the relations within a netdom (WHITE, 2008). We, therefore aim to investigate and explain the emergence of the quality standard with which the actors are commited to. This investigation puts a double problem. In the one hand we deal with interorganizational networks where the orchestras

[10] To the author, "in fact, in the social world, the real mode of existence of most phenomena is also that of the relation between human beings" (TOLILA, 2007, p. 110). Curiosly, in this premisse is based all the neostructural paradigm in sociology also known as "relational perspective" or "social networks theory".

[11] (...) ils sont donc méconnus par la théorie économique néo-classique. Ils n'existent pas.

[12] Les singularités sont des biens et services *structurés, incertains et incommensurables.* Ces trois traits *combinés* caractérisent toutes les singularités que'elles soient uniques, multiples ou que leurs supports matériels relèvent de la production industrielle, dès lors qu'est maintenu leur pouvoir symbolique et, par voie de conséquence, leur capacité à accueillir un nombre indéterminé d'interprétations particulières.

build relations (ties) with suppliers and other actors in a production system, and with intraorganizational networks where we can understand the social processes of status emergence and collective learning among musicians; on the other, we deal with multilevel structures where both orchestras and musicians build relations and trade.

First, we will map the production network of orchestral music in three state capitals of Southeast region of Brazil, namely, Belo Horizonte (Minas Gerais State), São Paulo (São Paulo State) and Rio de Janeiro (Rio de Janeiro state). We will track back the firms that negotiate and cooperate with these symphony orchestras and also the cooperation between them in terms of exchanging resources and sharing guest artists (conductors and soloists).

In Belo Horizonte, today, there are two major orchestras, namely, Minas Gerais Symphony Orchestra and Minas Gerais Philharmonic Orchestra. Both are professional orchestras but musicians of the former are public workers and musicians of the later have contracts that can be revoked any time. Their salary, therefore, is much higher. It is common sense among the audience in Minas Gerais capital, Belo Horizonte, that the Philharmonic Orchestra has a better performing quality than the other one. We could ask in a very objective way, why is that?

The main orchestra in Brazil is São Paulo State Symphony Orchestra (OSESP) conducted by Mrs. Marin Alsop. This group was the first one in Brazil to go through a change in its administrative model going from an orchestra of public workers to hired musicians. Their musicians have the biggest salary and the orchestra has the highest budgett in Brazil. They are also known as the "best" brazilian orchestra in terms of artistic quality and the one with the best international exposure. Besides OSESP there are other two professional symphony orchestras in São Paulo, namely, São Paulo University Orchestra (OSUSP) and São Paulo City Orchestra.

Rio de Janeiro has three professional symphony orchestras: Brazilian Symphony Orchestra (OSB), Petrobrás Symphony Orchestra (OPES) and City Theater Symphony Orchestra.

After mapping the orchestral music production network, we also aim to investigate how social roles (identities) emerge for each actor. To do that, we will perform a stochastic blockmodel in order to build blocks (clusters) of actors who are structurally equivalent, i.e., actors who have the same relational profile and, therefore, perform the same "roles" within the network. We also aim toexplain the tie formation process. We will model the emergence of the network as a function of its endogenous configurations and of exogenous attributes such as annual budget, amount of guest artists, amount of non-brazilian musicians, type of contract, etc. To do that, we will use exponential random graph models or p* models (LAZEGA; HIGGINS, 2014).

Finally, we can point three reasons why this research should be conducted at CSO:

a. professor Lazega has developed methods to analyze network data in multilevel structures (LAZEGA; SNIJDERS, 2016);

b. professor Lazega occupies the front line in the developments and advances regarding research in interorganization and intraorganizational networks today;

c. such collaboration will fortify the research network between France and Brazil.

Bibliography

BAUMOL, Hilda; BAUMOL, William J. *Inflation and the Performing Arts*. New York: NYU Press, 1984.

BAUMOL, William Jack; BOWEN, William G. *Performing Arts – the Economic Dilemma*: A study of problems common to theatre, opera, music and dance. Cambridge, MA: MIT Press, 1966.

BECKER, Howard Saul. *Art worlds*. 25th Anniversary Edition, updated and expanded. California: Univ of California Press, 2008.

BENHAMOU, Françoise. *A economia da cultura*. Cotia, SP: Atelie Editorial, 2007.

BOURDIEU, Pierre; DARBEL, Alain. *O amor pela arte*: os museus de arte na europa e seu público. São Paulo: Edusp, 2003.

BRAILLY, Julien et al. Market as a multilevel system. In: *Multilevel Network Analysis for the Social Sciences*. [S.l.]: Springer, 2016. p. 245–271.

DIAS, Pedro Ricardo Simões. *Artes Performativas: Despesa Pública e Procura em Portugal*. Dissertação (mestrado) — Instituto Superior de Economia e Gestão, Lisboa, 2011.

DIMAGGIO, Paul; POWELL, Walter W. The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields. *American Sociological Review*, v. 48, n. 2, p. 147–160, 1983.

FLIGSTEIN, Neil. *The architecture of markets: An economic sociology of twenty-first-century capitalist societies*. Princeton: Princeton University Press, 2002.

HIRSCH, Paul; MICHAELS, Stuart; FRIEDMAN, Ray. Dirty hands versus clean models. *Theory and society*, Springer, v. 16, n. 3, p. 317–336, 1987.

KARPIK, Lucien. Élements de l'économie des singularités. In: STEINER, Philippe; VATIN, François (Ed.). *Traité de sociologie économique*. Paris: PUF, 2009. p. 163–206.

KAY, Neil M. *Pattern in corporate evolution*. Oxford: Oxford University Press, 1997.

LAZEGA, Emmanuel. Théorie de la coopération entre concurrents: Organisation, marché et analyse de réseaux. In: STEINER, Philippe; VATIN, François (Ed.). *Traité de sociologie économique*. Paris: PUF, 2009. p. 561–599.

LAZEGA, Emmanuel; HIGGINS, Silvio Salej. *Redes sociais e estruturas relacionais*. Belo Horizonte: Fino Traço, 2014.

LAZEGA, Emmanuel; SNIJDERS, TA. *Multilevel Network Analysis for the Social Sciences*. Cham: Springer, 2016.

LEROY, Dominique. *Economie des arts du spectacle vivant*. Paris: Editions L'Harmattan, 1980.

LUKSETICH, William A. Orchestras. In: TOWSE, RUTH. *A handbook of cultural economics*. Cheltenham, UK: Edward Elgar Publishing, 2011.

MINGOTI, Sueli Aparecida. *Análise de dados através de métodos de estatística multivariada: uma abordagem aplicada*. Belo Horizonte: Editora UFMG, 2005.

PEACOCK, Alan T; SHOESMITH, Eddie; MILLNER, Geoffrey. *Inflation and the Performing Arts*. London: Arts Council of Great Britain, 1983.

THROSBY, Charles David; WITHERS, Glenn Alexander. *The economics of performing arts*. London: Edward Arnold publish., 1979.

THROSBY, David. The production and consumption of the arts: a view of cultural economics. *Journal of economic literature*, JSTOR, v. 32, p. 1–29, mar. 1994.

THROSBY, David C. Perception of quality in demand for the theatre. In: HENDON, William S; SHANAHAN, James L (Ed.). *Economics of cultural decisions*. Cambridge, MA: Abt Books, 1983. p. 162–76.

TOLILA, Paul. *Cultura e economia*: problemas, hipóteses, pistas. São Paulo: Iluminuras: Itaú Cultural, 2007.

WHITE, Harrison C. *Markets from Networks*: Socioeconomic models of production. Princeton: Princeton University Press, 2002.

WHITE, Harrison C. *Identity and control*: how social formations emerge. Princeton, NJ: Princeton University Press, 2008.