

Creative Entrepreneurs: Understanding the Film Industry Through the Lens of Entrepreneurial Ventures

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1 Introduction

When the 1982 remake of *The Thing* was released, its reception was colder than the movie’s Antarctic setting. Critics described the movie as “instant junk” and a “wretched excess” (Canby 1982; Arnold 1982). Now, *The Thing* is a “classic of the horror genre,” coming in at number 9 on Rolling Stone’s “Readers’ Poll: The 10 Best Horror Movies of All Time” (Greene 2014). *The Thing* is in good company as a classic that flopped at first. *Fight Club*, *Donnie Darko*, and *The Wizard of Oz* all initially fell short at the box office (Jones 2022). Film success is elusive, hard to define, and even harder to predict. Past analysis has been insufficient in answering the question: what makes a successful film?

Research across disciplines has investigated success factors in film and how to measure success (Simonton 2009). Success factors include psychological, social (Usai 2001), and economic factors (Marino 2008; Kim 2021). However, the research on factors contributing to a film’s success focuses primarily on external market-level factors. These factors include box office success (Marino 2008), critical and public review of the movies (Kim 2021), awards received, or a combination of the three factors. However, this research attempts to simplify aspects of the industry without understanding the economic forces involved. Because of this, results are often oversimplified and limited in generalizability.

On the other hand, entrepreneurship research is exclusively concerned with understanding and harnessing the factors behind new ventures. This research spans perspectives such as economic models (Ryall 2013; Goyal 2020; McBride 2020; Wuebker 2021), analysis of individual entrepreneurs (Mueller 2012; Gompers 2006; Bennett 2017), and analysis of social environment (Smith 2021; Licht 2006). These frameworks applied to the film industry inform a new understanding of success. Analyzing the success of film ventures by comparing them to entrepreneurial ventures can allow us to examine success factors before the end of production. This analysis will also help us understand the likelihood of a filmmaker or production’s success separate from the finished product’s success.

This paper is concerned with the central question: what makes a successful movie? To answer this broad and frequently asked question, we need to answer the underlying questions: how do we measure success, what factors contribute to success, and how do we measure those factors? In this paper, we develop a model informed by entrepreneurial research to understand the economic, social, and psychological forces that determine the success of a film. This model seeks to describe the economic and social structure of the film industry in a way that is generalizable across diverse samples. Predicting the success of films is relevant across the industry, from green-lighting scripts to deciding release dates. In this paper, our focus is to guide future research toward underlying factors that could be relevant throughout a film’s lifespan.

2 Economic Structure of the Film Industry

To determine the most useful frameworks to apply to the film industry, we first review the current literature for the factors that most influence film success. These factors can be grouped by the film industry process: creation, economic distribution, and artistic distribution. Creation describes the process of creating a film, from writing to production, until the film is ready for economic or artistic distribution. Economic distribution describes the process of distributing the film to everyday consumers. This includes marketing, theater distribution, and, lately, distribution on streaming services. Artistic distribution describes the process of submitting films to film festivals and earning awards. Each of these processes contains factors that independently influence the success of a film.

Factors in the creation process relate to the script, film attributes, and the social network of key participants. Attributes such as genre, rating, country of origin (Kim 2021), quality, and whether the film is a sequel (Mariano 2008) have been linked to film success. Additionally, film success is determined by social relationships within production teams and the relative importance of each role. For example, directors and writers are the most influential (Usai 2001). In economic distribution, factors fall into the categories of marketing, distribution, and reception. This includes marketing expenditures (Mariano 2008), country of distribution (Garofalo 2022), distribution circuit (Garafalo 2022), release timing (Mariano 2008, Krider 1998), and the number of opening screens (Mariano 2008). More recently, another factor is release on streaming platforms, inviting the question of how long to release films in theaters, if at all. For example, the 2022 Netflix film *Glass Onion* was released in theaters for only a week, but it was estimated that it would have made \$200 million dollars in box office sales for a full theatrical run. The economic distribution also includes factors related to reviews (Kim 2021, Basuroy 2003, Holbrook 1999) and consumer behavior (Sawhney 1996). Artistic distribution is a less-often studied process, but research indicates that artistic success is independent of economic success, with different predictive factors for each (Usai 2001).

One controlling variable behind all of these factors is the social environment they are created in. Teams and social relationships underlie every part

of the film industry. In the creation process, the reputation and social capital of key participants, such as writers and directors, determine success (Usai 2001, Deslmestri 2005). Different social relationships differentially affect economic and artistic success but are still equally influential. For example, the models in Usai’s paper indicate that strong ties between the director and the “economic team” (producers and distributors) positively impact box office performance (2001). The most influential factor in film success across all processes is teams and social relationships. The effects appear and operate differently in each stage, but the social environment most consistently impacts each stage of film production.

[to incorporate?] The research on factors that contribute to a film’s success focuses primarily on external market-level factors. These factors include box office success (Marino 2008), critical and public review of the movies (Kim 2021), awards received, or a combination of the three factors (Simonton 2009). These methods are market-level analyses and are biased toward successful projects, considering only films that reached movie theaters.

Some research has investigated these relationships in a limited way by quantifying the social capital of crucial roles, such as directors (Usai 2009), understanding the relationship between creativity and fame (Banerjee 2020), and using a film distribution case study to understand market forces better. These findings are all limited in their understanding of team dynamics or social environment in a deeply personal creative industry.

2.1 Entrepreneurial Theory and Film

The film industry contains complex economic and social relationships, but with an analogy to entrepreneurship, we can better understand these forces. Film production and entrepreneurship are very similar. Both require a new partnerships, take place outside economic guardrails, and share similar funding structures.

Usai identifies film as an “entrepreneurial sector” because of its high level of risk and unpredictability of success (2001). The paper uses two entrepreneurial theories, task-related contingencies and social capital, to explain film success, allowing it to consider economic and artistic success separately. In this paper, we hope to expand this focus by surveying the economic structure of the film industry as a whole. Because entrepreneurial research considers social and economic factors, it offers a high-fidelity picture of film industry mechanics. However, previous approaches, including Usai’s, are not generalizable because of their small sample size and limited focus.

Entrepreneurship strategy and research examine the forces impacting a firm’s success from diverse angles. Entrepreneurship research consists of two categories: competitiveness and social environment. Researchers and entrepreneurs have used competitiveness models to understand success, such as the well-established Porter’s five forces model (Goyal 2020) or the newer value capture model (VCM) (Ryall 2013). These frameworks explain economic relationships, but they lack empirical evidence and don’t simplify complexities. The film in-

dustry, for example, has multiple “buyers” - moviegoers, major distributors, bookers, and movie theaters - complicating competition frameworks.

While competition frameworks isolate economic relationships, more recent entrepreneurship research compares social environment and success, specifically social dynamics in founding teams (Smith 2021). Two frameworks describe team dynamics: psychological safety, how comfortable team members feel to be themselves and express their opinions (Newman 2017), and self-determination theory (SDT), how the satisfaction of basic psychological needs impacts motivation (Gange 2005; Deci 2009; Smith 2021). These measures empirically predict team success (add reference) better than competitiveness frameworks and can describe early-stage success factors. Though each type of analysis has its benefits and drawbacks, we need multiple frameworks to understand a film’s economic and artistic success.

By making the analogy between entrepreneurship and new film ventures, we can clarify complex economic and social forces in the film industry, allowing us to examine success factors pre-distribution. Specifically, team dynamics may be linked to success in the film industry as for founding teams in entrepreneurial ventures (Smith 2020). Entrepreneurial theory, however, will not explain the influence of reputation and fame, factors unique to creative industries. Therefore, this framework forms a strong base for understanding economic and artistic success. However, it neglects the social influence of fame and reputation. By exploiting the similarities between entrepreneurship and film, we can begin to study influential but understudied factors in the film industry, such as social environment and team dynamics.

3 Team Dynamics in Film and Entrepreneurship

3.1 Entrepreneurship

When analyzing entrepreneurial success through social context, the most relevant social environment is the founding team. Not only is the team the point of action and idea creation, but it also is the most consistent stressor entrepreneurs face (Smith 2021). This framework is particularly relevant to the film industry for two reasons. First, teams are the central unit of operation in film production. Teams of teams make up the structure of a film crew, and these team make-ups are dynamic, requiring extreme adaptability.

There is increasing evidence that the team environment is a controlling factor in the success of that team. Two frameworks describe the team environment and its success: psychological safety and self-determination theory. Psychological safety describes the perception of how safe it is to take risks within a team (Edmondson 2004). Psychological safety has been positively linked to team performance, promoting learning behavior (Edmondson 1999) and creativity (Carmeli 2010, Newman 2017). The regulatory behavior of individuals in team environments is directly related to the satisfaction of basic psychological needs

(Smith 2021). The way basic psychological needs affect and control motivation can be understood using self-determination theory (SDT). SDT distinguishes motivation as controlled motivation or autonomous motivation instead of intrinsic or extrinsic motivation. This more nuanced approach makes the theory more applicable to work environments (Gange 2005). Additionally, SDT describes the internalization of motivation through the satisfaction of basic psychological needs: autonomy, competence, and relatedness (Gange 2005). The satisfaction of basic psychological needs is a critical success factor in entrepreneurship teams since individual well-being and team dynamics form a strong and vitally important feedback loop (Smith 2021). New research has begun investigating the relationship between individual well-being, team dynamics, and team success in founding teams (Smith 2021). Second, autonomous motivation aids creativity. In controlled motivation, performance on tasks requiring creativity suffers (Gange 2005).

3.2 Film

The film industry relies on teams but often forms them haphazardly and without intent. Most of the labor force are contract workers. Their workflow is inconsistent, and they may never work with the same team twice. The labor force in the film industry suffers from recurrent insecurity and unpredictability (Rowlands 2012). The contradiction of the film industry is that it satisfies the BPN of relatedness in an extreme, often addictive way but less clearly satisfies the needs of autonomy and competence. A participant in the Rowlands study on the addictive nature of film work described the sense of collaboration created by “pressure, by unreasonable deadlines and last minute changes” (2012). These processes may lead to the creation of good content, but at the cost of workers’ well-being and outside relationships. Study participants reported falling into the depression between projects and neglecting social relationships such as friends and family for their work (Rowland 2012). The shortcoming in team dynamics suggests untapped creative potential in the film industry.