

Innovation by experimentation in creative industries

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This is the outline of an early-stage research project. It is a study of the Indian film industry which is mainly clustered in three Indian cities - Bombay, Madras and Hyderabad. Initially concentrating on Bombay, we examine the governance relations in film productions. This paper treats the organization of innovative activities, building on earlier theoretical work on innovation organized as experimentation in project networks. It suggests that the way project networks are coordinated on a market influences the nature of innovation on this market. The paper applies this argument on the Indian cinema industry in a novel way. In order to explain the nature of product innovation in the Indian movie industry, we investigate product innovation types, project coordination tasks, and the market organization of project networks, in the industry in general, and in India in particular. Since 1931, more than 67,000 Indian films in more than 30 languages have been produced. In 2001 the industry produced 1,013 films making it the world's largest producer. The majority are in South Indian languages Telugu, Tamil and Malayalam, but Hindi-language films have the highest revenue. The industry is characterised by privately-held and family-owned film production companies relying on traditional financing through networks of 'friends' and 'private financiers'. Here, a distinction between cultures and degrees of embeddedness between western Bombay and southern Hyderabad and Madras comes into play.