

## Artists, Competition and Markets

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### Abstract

Income distribution in art occupations is highly skewed. Abilities and talent seem to be better candidates than initial training to explain skewness. Yet quality differences among artists and works play a puzzling role: They can be detected only through comparisons, but the standards of comparative evaluation must remain indeterminate enough to allow for substantial differentiation and competition through originality and innovation. Careers are patterned by comparative tournaments: Even tiny differences at the outset suffice to trigger a mechanism of cumulative advantage, with attention and reward being concentrated on those favorably compared, out of proportion to the underlying distributional gap of abilities and skills. Assortative matchings lower the cost of creative invention. Thus initially boundless interindividual competition, with its distinctive excess supply mark, gradually results in stratification by reputation and status.

Income distribution in art occupations generally follows the Pareto curve: One-tenth of professionals in the given field earn half of all annually distributed income; one-fifth earn 80%. In art there are more individuals earning nothing – or less than nothing after art-related expenses – than in any other higher occupation. At the other extreme we have the elongated tip of the distribution, signaling the presence of artists with astronomically high incomes – a level that brings to mind lottery payoff matrices. To what mechanisms of the artistic labor market should this discrepancy and the resulting extreme inequalities be attributed? Earnings distribution is structured entirely differently from the skills and qualifications distribution associated with wage equations. Whereas the distribution of human capital factors of the sort included in wage equations typically forms a bell curve wherein individuals of the given population are fairly symmetrically distributed around mean values and the majority of individuals are at the center of the distribution, in creative jobs we have an extremely asymmetrical curve. This is where market organization of artistic production and consumption come under suspicion. The critical view of inequality-generating mechanisms suggests the Paretian distribution of rewards demonstrates the true pathologies of a competition-driven market organization. The primary aim of this article is to explain such a skewness and to refer careers in creative undertakings to mechanisms of quality detection and evaluation that are both indeterminate enough to let innovation lead the game and efficient enough to translate uncertain occupational prospects into wide gaps in reputation, status, and rewards.

### Job Stratification

According to the theory of job stratification (Stinchcombe, 1986; Jacobs, 1981; Baron and Kreps, 1999), each occupation

can be assigned certain characteristics and capacity requirements whose social and economic values are assessed according to their degree of scarcity and the nature of the collaboration between those working together. The degree of scarcity reflects the vertical ranking of abilities, skills, and performance: An extraordinary talent will be admired and, where a market value exists, exploited at considerable profit, provided that it is sought after by a sufficient number of people willing to pay for it. Moreover, a talented worker may make an unusually high contribution to the success of his organization, more than proportionate to the differential between his qualities and those of his teammates. It is in these professions that competition to attract and reward individuals deemed exceptionally talented is fiercest and it is here that earnings concentration creates winner-take-all or winner-take-the-most situations (Frank and Cook, 1995). In such professions, the probability of obtaining an exceptionally fine result is low and most performances produce average results. The cost for the company of hiring an average professional is low compared to the profits it will reap if it finds someone exceptional, and this leads to an employment policy or contract relationship that brings in a great number of different individuals, the aim being to find the ‘real gem.’

Let’s call these jobs ‘star jobs,’ following Baron and Kreps’ reworking of the stratification model of Stinchcombe, with its distinction between ‘star jobs,’ ‘guardian jobs,’ and ‘foot-soldier jobs.’ To look where to find ‘star jobs,’ one may think of scientific research, sports, the entertainment industry (cinema, radio and television, concerts, shows, and performances for a wide audience), and the arts. Yet not all of the artistic occupations entail this ‘star job’ profile. The creative artist (novelist, painter, composer, and solo performer) obviously holds a ‘star job,’ as characterized above.

Artistic jobs like that of teacher or orchestra musician primarily falls into a second category, that of ‘guardian jobs’: In these, even spectacularly excellent individual contributions cannot bring the organization or team any additional reputation or profit. In these jobs, the skills required for performing the activity are an ‘additive’ production factor and they are more homogeneously distributed among the individuals concerned. Lastly, extra-artistic activities are usually the equivalent

This article draws on models and analyses expounded in my forthcoming book *The Economics of Creativity: Art and Achievement under Uncertainty*, Cambridge: Harvard University Press, 2014.

of ‘foot-soldier jobs’: Within them, variation in individual performance has limited impact and the range of individual differences is of very limited value. Here the success of the organization depends on the aggregation of all individual performances. Employees are hired on the basis of a simple wage negotiation: Anyone who accepts the proposed wage gets hired.

### Star Jobs and Paretian Distribution of Earnings

Clearly, star jobs (i.e., primary creative activities) are those that earn their successful incumbents the highest rewards (monetary and nonmonetary, like esteem and social recognition) and those for which cultural enterprises such as publishers, gallery owners, and recording and film companies are very clearly looking for the rare gem.

In these jobs, high value is laid on expertise and talent, and perceived differences in quality are of decisive importance in orienting the buyer’s preferences. Thus given that demand is highly sensitive to differences in quality, at a given price for a good or service, a buyer’s utility will be greater if she chooses a professional who is considered more talented than another. This seems quite obvious when objective quality superiority is at stake. A surgeon with a 10% greater ability to save lives than others will be in greater demand. His fees and aggregate earnings will exceed those of his colleagues by much more than 10%. Thus, if the question is why differences in reward can be extremely disproportionate to differences in ability, the first answer lies in the mechanism that concentrates earnings on the basis of perceived quality differences and nonlinear increase in expected utility from higher quality (Rosen, 1981; Goode, 1979).

The situation in the arts looks somewhat different at first sight, as it leans toward the subjective side. In contrast to the surgeon, artistic talent and art commodity quality differentials point to subjective utility. Yet a quality difference that yields greater subjective utility is an inherent feature of the service demanded by the audience: It is precisely what the consumer is looking for. Without the assumption that quality differences play a fundamental role in orienting consumer preferences, we could not understand why there is competition among artists. And this assumption was precisely ruled out by the Marxian attack against the market organization of production as functionally and economically separated from consumption. For, as in the case of the superior surgeon who saves more lives than another (but with much less dramatic consequences), an artist deemed superior is much more desirable than an artist of inferior quality, and this should hold without consumers being subjected to any kind of external influence. Two concerts, exhibitions or films of moderate quality will not give me as much satisfaction as one high-quality concert, exhibition or film. The quality perceived as superior is powerful enough to trigger demand concentration and therefore celebrity and wealth for those artists reputed to have the greatest talent.

Providers deemed to have superior talent have a larger market share that may extend immensely due to joint consumption technology: Digitization, trading networks, and duplication of commodities enable artists to serve instantly very large markets. Audiences are potentially enormous relative

to the scale most of us operate on. And even if a provider is unable to clone himself and the commodities or services he supplies cannot be reproduced (surgery, consultancy, painting, and concert performances), his career can develop on a world-wide scale like that of a small number of famous practitioners in great demand in each trade.

### How to Cope with Quality Uncertainty? Talent, Tournaments, and Excess Supply

Up to this point, we stand on the demand side. The argument relies on two key assumptions: (1) quality differences in production and performance can be perceived; (2) quality differences should be perceived without bias, otherwise quality evaluation is subject to manipulation and as it is well known, bad quality eventually crowds out the good one.

How to detect and rate quality differences? It would be easy to evaluate artists and their work and perceive qualitative differences if everything could be assessed in absolute terms, on the basis of a univocal scale and a stable set of perfectly unambiguous criteria. The selection process in the course of initial artistic training would perfectly filter the many candidates through some simple tests and contests. Things take another course once ability is viewed as a multidimensional and multifactorial component. Indeed, the fundamental properties of a creative activity are unlimited differentiation of its products (Caves, 2000) and originality-driven competition. Therefore, in stark contrast to a timed athletic performance or problem resolution, esthetic originality and artistic value can only be measured in relative terms. And reasoning in terms of success factors would become spurious: It is, of course, the combination of various types of qualities and skills that counts, but there is no detectable ideal formula for an optimal combination or optimal proportions of those qualities and skills. We suspect that the skewed distribution of those qualities and their indecipherable combinations may create sharp inequalities in chances of success, but it is impossible to estimate that distribution a priori. This is why people engage in relative comparison.

Competition in a given market determines the value of artists’ accomplishments. It does so through the intensity of immediate preferential demand, and through a flow in demand which is linked to the durability of the artwork and to the interdependencies between the artworks that are successively produced over the course of an artist’s career (since the success of one artwork can trigger enthusiasm for the artist’s previous works, and bring heightened attention to those that follow). The quality of each artistic good supplied is uncertain. It is impossible to directly assess the abilities of artists through skills measurements and standardized tests, no less than it is to assess the value of artworks using an unequivocal scale of measurement and a stable set of unambiguous criteria, as the fundamental property of artistic activity is driven by competition for originality. Thus, in contrast to a timed sports performance or the solving of a problem, esthetic originality and artistic value can only be measured in relative terms. The rankings, reward schemes, and career advancement profiles must take the form of tournaments (competitive tournaments in music, recruitment through auditions, awarding of prizes,

hit parade rankings, critics' evaluations and scorings, etc.) in which evaluations are based on incessant comparison. Artists work to differentiate themselves from one another on multiple levels so as to make their mark in the competition. However, critics, art world professionals, market intermediaries (producers, employers, organizers, and agents), and consumers never cease their rankings. Initially dispersed, evaluations gradually align, due to affiliation processes (Van Rees, 1987). The cultural knowledge required to appreciate and assess artworks can be defined as the sum of significant comparisons an individual is capable of making, explicitly or implicitly, for the purpose of attributing meaning and value to an artwork. Thus, artworks initially juxtaposed through the law of originality become hierarchically ordered by audiences and art world professionals, through a series of competitive and comparative tests, according to their preferences and investments. What is called "talent" can be defined as the quality gradient attributed to the individual artist through these relative comparisons. The difficulty in defining talent rests in that it is not an arbitrary value, but rather a purely differential quality (Menger, 2014).

These characteristics are reflected in the twofold, operational strategy of cultural entrepreneurs: the exploitation of uncertainty, which is a condition for entrepreneurial profit, and the reduction of uncertainty. Very little is known about the ingredients for success. Uncertainty about the market potential of each artwork and innovation therefore pushes each firm to hedge its bets across a broad range of artists; this drives cultural industry entrepreneurs as a whole to feed, through a composition effect, a structural excess supply characterized by seasonal peaks and short term fluctuations (Hirsch, 1972).

Yet, as soon as cultural entrepreneurs manage to identify an artist with 'high potential,' they set about overexposing him and activating the mechanisms of contagious imitation in the general public. They do this by exploiting the self-reinforcing dynamic that transforms an artist's success into both an effect and a cause of the quality attributed to him by consumers. They may then seek to 'develop' the artist who has enjoyed his first successes, just as is done in research and development with scientific inventions or technical innovations. Thus, after having taken advantage of the uncertainty about who will emerge as winners by exploiting competition through differentiation, cultural entrepreneurs endeavor to reduce uncertainty about a promising artist's chances of future success by seeking to transform his instant value into a lasting one – a sure asset in which it is possible to invest.

Should the problem of artistic overproduction simply be regarded as the modern phenomenon of the industrialization of culture? In fact, nearly every sociologist, economist, and historian who has ever studied artistic labor markets has underscored the excess supply of artists (Ehrlich, 1985; Graña, 1964; Lenman, 1989; Montias, 1996; White and White, 1965). If overproduction is as frequently invoked as a disease caused by the industrialization of culture, it is because cultural industries are constantly organizing and reorganizing themselves so as to turn overproduction into an advanced technique for managing uncertainty and into a mechanism for increasing profitability. The wide range of influences exerted by cultural entrepreneurs over consumer choice and over the evaluation of competing artists is illustrated here with the greatest clarity.

In effect, the entire architecture of the cultural industries (music, book, cinema, and audiovisual production) has been built on organized relations between the production, distribution, promotion, and consumption of artistic goods and services – thereby generating competition through tournaments (hit parades) to identify profitable talents. The basic economic principles at work here are well known (Curien and Moreau, 2006; Benhamou, 2008; Connolly and Krueger, 2006). The form of competition in this sector is that of oligopolistic concentration. In the music industry, for example, a few big firms realize three-quarters of the world-wide turnover for the sector, and a nebula of so-called independent producers maintain relations of 'coopetition' with these major labels. Concentration is explained by the cost structure: In the music and book industries, the cost of producing a good (the acquisition and payment of the raw material – creative labor) and the cost of material production are proportionately low and variable, whereas the costs of distribution and promotion are high and fixed (accounting for three-quarters of total costs). Industrial concentration is, consequently, motivated by economies of scale linked to the distribution and commercial exploitation of a raw material – artists' creativity – that can be obtained and controlled at low cost, even though its market value is difficult to predict.

The structure of competition reflects this way of proceeding. Large firms find it more profitable to let independent producers act as adventurous explorers – as risk-takers and fine connoisseurs of market niches and emerging trends – and to engage in cooperative competition with them, via the distribution of their products and financial participation in their capital. This is the classic figure of 'oligopoly with a competitive fringe.' Small firms devote most of their resources to scouting talents and to financing their own productions. The major firms, meanwhile, extract rent via the distribution of independent productions, buy up the contracts of independent producers with successful artists, develop the most promising careers, ally themselves with stars, and work on triggering and reinforcing the dynamics of success amplification through investments in advertising and promotion. The picture should, however, not be painted in such binary terms: The major firms themselves are in reality entire galaxies in which labels behave like autonomous centers of production and profit while also acting as talent scouts. Nonetheless, the distinction according to size continues to hold; it imparts its characteristics on the demographics of firm population, resulting in a high mortality rate for small firms, growth for more skillful or fortunate ones, buy-outs, mergers, and firm concentration. Furthermore, the pattern of concentration has changed: In continuity with past practice, vast multimedia groups have been formed that produce and distribute their own products along with those of other producers, and that control publishing companies (with copyrights protected for ever longer periods of time). However, these groups currently have much greater control than before over radio and television stations and over commercial operation networks (e.g., retail sales, on-line sales, and payable downloads), enabling them to directly activate the levers of success amplification.

Under conditions of flexible specialization, the number of independent producers grows, even as the rate of sector concentration increases. What is, in fact, also on the rise is the

density of independent producers' interdependencies with both other firms and dominant companies (Hesmondhalgh, 2002). Thus, the 'openness' of the system of competitive production explains why, despite the fact that the rate of oligopolistic concentration in the recording industry has increased since the early 1970s, rates of innovation and diversity in musical production (as calculated on the basis of hit parades) either remained stable or increased throughout the 1980s (depending on the indicator chosen (Peterson and Berger, 1975; Lopes, 1992)).

### Assortative Matchings

In the models I have discussed thus far, spectacular inequalities in success primarily concern the specific situation in which artists or professionals with valued expertise are competing to attract demand – each acting individually, through direct interaction with the market, and without any apparent partners. However, in order to work and to produce and diffuse their products, professionals usually join a permanent or temporary organization (e.g., orchestra, theater company, film production crew, etc.); alternatively, they enter into a contract with an organization that acts as an intermediary (e.g., publishing house, recording company, or art gallery) in order to create material reproductions of a given good, place an artwork into circulation, and gain access to the market. It is here that another trigger of inequality comes into play: assortative matching.

Assortative matching characterizes the multiplicative nature of the production function in artistic labor. Like a scientist in Merton's cumulative advantage model (Merton, 1968), an artist benefits from associating with professionals reputed to be of equal or superior quality in their respective careers. Indeed, in order for an artist to secure the best chances of developing his talent, it is important for him to associate with professionals of comparable value working in the other professions involved in the production and circulation of artworks. For example, a reputed director will seek to enlist top professionals in the key positions of a film production, and the head of a publishing house will entrust his most seasoned literary director with the task of managing labor relations with the company's most talented and promising writers or with the latter's agents (Thompson, 2010). Furthermore, in the very early stages of artistic and scientific careers, formal learning trajectories followed by on-the-job learning (and even by apprenticeship, a persistent form of artisanal organization in certain artistic and technical-artistic trades) are heavily determined by an individual's association with experienced partners. These are the people who provide an artist on the path toward professionalization with better opportunities for developing skills in demanding projects, through contact with fellow artists who have themselves been selected based on their potential.

Art worlds combine labile organizational architectures (e.g., network, project, and vertical disintegration) with teams structured through the association of professionals of equivalent quality or reputation – that is, through assortative matching. Labor markets for the most highly qualified jobs are, in this way, hierarchically ordered by professional pairings. A successful career dynamic constitutes a movement of upward

mobility in a world stratified by networks of acquaintances and recurring collaborations. In my above presentation of the existing analyses of job stratification by functional importance, I highlighted that, in the practice of an artistic profession, talent is a complementary rather than additive factor of production. Assembling talents of approximately equal level – each in their respective function (interpretation, organizational mediation, editing, fundraising, etc.) – has a multiplicative effect on a given project's chances for success and on the project collaborators' chances of accumulating reputation (Rosen, 1983; Kremer, 1993). The interdependence of performances renders the benefits of this relationship complementary: A publisher who attracts talented authors will increase his own chances of expanding his experience and renown in the editorial field, just as a talented author will benefit from collaborating with a publisher reputed for his professional qualities.

Faulkner (1983), in his study of Hollywood cinema, demonstrated the power of assortative matching in the cultural industry. Accominotti (2008) has since shown that the mobility of painters in the gallery networks he studied follows a similar mechanism. Numerous studies dedicated to scientific careers, networks of collaboration and copublication among researchers, and upward mobility in the American academic labor market, have likewise revealed how: (1) Stratification of the professor–researcher population by reputation level (in terms of productivity, visibility, and readership) regulates collaborative pairings; and (2) The recruitment and career mobility market is governed by the rule whereby the candidate's relative value must be matched to the institution's position in the hierarchy of excellence.

We can easily connect the assortative matching argument to the dynamic analysis of careers based on the mechanisms of competitive tournament and cumulative advantage. In the course of artists' early formative experiences, capacities manifest themselves differently and unequally according to each individual. What still remains undetermined, however, is the nature of the differences in talent that exist between the creators who, over the relatively long term, will achieve success – either lastingly or not – and those who will fare less well. Expressed in terms of probabilities of success, the advantage gained from demonstrating a potential talent early in one's career may indeed be weak; yet any (great or small) difference perceived in each test of competitive comparison suffices to polarize the investments and wagers of system actors (i.e., artists themselves, trainers, professionals, patrons, entrepreneurs, critics, and consumers). The learning content of different work situations relies on the same mechanism: There exists an optimal profile for expanding one's skills, which is a function of the number and variety of work experiences and of the quality of the collaborative networks mobilized by the artist as he moves from one project to the next.

The relative comparison of artworks and artistic performances conducted in competitive tests, together with the lasting indeterminacy of the course of creative activity, imbue artistic labor with a continual tension. It is on this basis that analyses of the gaps in reputation and success put forth the causal role of networks of interdependence and cooperation in artistic labor. In order to create and diffuse their works, creators and artists enter into contractual relations with

organizations, such as artist agencies, publishing houses, recording companies, painting galleries, production companies, etc.

Selective tests, as well as information on the value of an artist's commitment to creative labor provided step by step to himself, his peers, his colleagues, and his supporters, allow us to understand the career dynamics of artists foremost as a learning trajectory within a segmented system of activity. Whether we focus on the professionals who sponsor the artist's debut, on his partners, or on the various other categories of art world actors with whom he establishes work relationships, it is through the development of collaborative networks that an artist organizes his activities. This is especially so given that he must mobilize diversified resources in order to develop his work capabilities.

Two remarkable consequences of assortative matching must be highlighted. First, the multiple and incessant evaluative judgments, on the basis of which reputation hierarchies are constructed, act as structuring forces that segment a professional milieu whose activities do not fit in a stable organizational mold. Second, gaps in talent that are initially small, or at the very least of uncertain importance with regard to future success, are rapidly increased by the game of assortative matching – and this, due to the multiplicative effect this game has on the expression of the individual qualities of collaborators, and to the authority it bestows on those who co-opt each other for their creative projects.

We are now in a better position to understand how a hierarchy develops. A hierarchy is founded on reputation, which has the functional property of an efficient vector of information and investment in a universe of sharply differentiated activities and goods. Neither art world professionals nor consumers can estimate through direct experience the value of every artist and artwork; nor can they continuously reestimate an artist's value in the shifting context of incessantly renewed competition. As *Stinchcombe (1968)* explains, the vocabulary of talent, genius, brilliance, and creativity is a common means of attributing extraordinary qualities to individuals in sectors of activity wherein success is highly uncertain (e.g., the arts, research, and advertising). The primary semantic function of these terms is to draw a sharp distinction between these extraordinary qualities and all the other typically measurable qualities of an individual. Furthermore, these terms are essentially assigned a posteriori, as a means of domesticating and categorizing that which is unmeasurable – that which cannot be predicted but only 'retrodicted.' This vocabulary acts to convert an uncertainty dispelled a posteriori (in light of experience) into an expectation of success. Insofar, the attribution of talent acts as a mechanism for reducing social complexity.

The increase in artist reputation reveals the existence of a mechanism of cumulative advantage. The artistic career presents itself to a young professional as a succession of comparative tests in which each performance is judged individually. For an artist who has completed a series of such tests, reputation constitutes a form of capital that can be managed in various ways to protect him from the variability of instantaneous evaluations and to more rapidly increase the benefits derived from his fame. Ascribing talent leads to granting a more stable value to the favored artist and his works; insofar as it is

equated with the substantial qualities evoked by the artist's name, this value becomes incorporated into the artist's identity and lowers the costs of attracting critical attention (*Van Rees and Vermunt, 1996*). Rather than defending only artworks, publishers and art dealers support artists themselves. They thus contribute to building artists' careers, and urge consumers to focus their interest and cultural investments on these specifically (*White, 1993*).

An artist's reputation rating allows for his integration into a system of stratified relations: It is profitable for an artist to be associated with other artists and professionals of at least equivalent standing. The game of relations of exchange and collaboration defines a hierarchy of artist status. In a competitive system of this type, an artist's position in the hierarchy is associated with the reputation he has accumulated. This position becomes a 'status': a hierarchical indicator of quality utilized in a system of relations and exchanges that is more stable than the sum of information contained in the value attributed to an individual's different accomplishments (*Podolny, 2005*).

Thus, reputation reduces uncertainty, and status reduces uncertainty about the current informative value of reputational signals linked to past 'enactments.' The complete trajectory of reputation accumulation no longer matters when we assume that the value ascribed to an artist – his status, as Podolny puts it – sums up and guarantees all of the information produced and exchanged in the art world concerning that artist's relative quality.

Reputation, of course, can always be contested so long as it continues to be subjected to tests of interindividual competition. Nonetheless, through the mechanisms of self-reinforcement and assortative matching, reputation offers deeply unequal opportunities for the actualization of creative talent, no matter how small and indeterminate this talent's initial distinctive value may be.

## Careers and Markets

If we now consider careers and markets together, we see that there are two causes for the excess supply of artistic goods and candidates for an artistic career. First, the number of artists and the variety of artistic production increase faster than demand, because overproduction is a rational response of firms to an uncertain environment. Second, the organization of artistic production on a project-by-project basis, which helps minimize the fixed costs incurred by the schema of rational overproduction, relies heavily on temporary contractual relations with the diverse categories of professionals involved in key operations (from the creation to the distribution of artistic goods). One characteristic of this mode of organization is that it generates an excess supply of labor, available for any project that might solicit it.

As careers of artists unfold outside of the stable organizational structure provided by a firm, they generally follow a trajectory of projects realized through a string of contractual transactions, and for which there exist none of the guarantees associated with ordinary wage labor. As a result, making a career implies getting through elimination tournament stages and that getting through those stages means beating chance.

The forward progress of a career works to reveal underlying the individual's qualities and strengths (those that enabled him or her to get through the stages), qualities and strengths that are unequally distributed among individuals. An individual who succeeds in developing her career in the project-by-project context can enjoy the benefits of a well-established reputation, padding her relational network with contacts that will convey information and work offers through which to increase her skills. This dynamic is particularly influential in occupations where on-the-job learning plays an important role and where the reputation signal is a highly functional means of passing on information in professional network exchanges when it comes to organizing projects.

The importance of 'on-the-job' learning is explained by the heavy exposure of an individual's work to the uncertainty of an extremely turbulent environment; that is, organization on a project basis and the variable degree of control that the individual has over the result of team work. A successful career can be likened to a gradual increase in artist's control over the relatively variable dimensions of her activity and over relations with her environment, in a world where stratification by reputation – unlike in the sciences – is disconnected from stable work organization. It is the very system of artistic labor that creates conditions allowing chance to intervene. Art careers are constructed from one project to the next, and not all projects are equally likely to be successful. Moreover, the individual's work is usually immersed in a collective undertaking whose chances of success are imperfectly correlated with the quality of each team member. The skill or talent of an actress evaluated in terms of personal performance do not fundamentally differ, of course, by whether the film she plays in is a success or failure, but her visibility and the likelihood that she will be involved in more or less promising projects later on depend in large part on the film's success. Organizing work on a project basis introduces strong variability into professional activity and multiplies possible bifurcation points; for example, being called in at a moment's notice to replace the star opera singer, who has caught cold; discovering just the right information on a future project or employment opportunity; landing a role in which, against all expectations, one can reveal one's aptitudes without having ever been cast in that job category before. Project complexity increases the role of chance and in some cases the sequence in which good or bad luck strikes. Moreover, there are few occupations whose practitioners make such frequent recourse to superstitious practices and rituals, the counterpart to that other essential behavior mechanism characteristic of the art world: excessive self-valuing.

In this context, artists' careers can be analyzed as a stochastic process (MacDonald, 1988; Fox and Kochanowski, 2007). Young artists are uncertain about the quality of their work, and their professional engagements constitute a series of evaluative tests (exhibitions, publications, performances, or concerts). If initial evaluations by peers, critics, and members of their reference group are favorable, they will choose to pursue the profession. Artists who achieve lesser or very little success in this first career phase are exposed to a mechanism of cumulative disadvantage. Whether artists remain in the profession with hopes of overcoming the negative effects of a mediocre debut depends on the resources available to them for managing

career risks (e.g., multiple jobholding, unemployment benefits, entrepreneurial initiatives, public subsidies, and diversification of activities in order to acquire visibility), as well as on the value artists attribute to the nonmonetary rewards they obtain from their activity, as compared with alternative activities that may offer greater chances for success.

A cohort of artists who have simultaneously entered the market therefore includes a majority of individuals who earn low income and obtain only modest success or rapidly encounter failure, and a minority of professionals who emerge successfully from the competition in the first career phase. Income inequalities reflect the composition effects of the artistic population, the growth of which is driven by two mechanisms. First, the number of entrants hoping to make a career in the arts increases faster than the proportion of those who are relegated and eliminated by the competition. Second, artists in a given cohort who choose to pursue their careers are made to compete with artists from prior cohorts; their position in the competition does not depend on their employment status, as in an organization with seniority and hierarchical positions, but instead on the estimated value of what they produce and on their chances of maintaining their position or raising their status. Thus, careers distribute artistic professionals according to a reputation hierarchy which is based on their past accomplishments and expectations to deliver work and performance of the same quality.

When viewed in instantaneous cross-section, the hierarchy of artist reputations appears to express substantial differences in quality, as revealed by a series of comparisons and competitions. However, as Rosenbaum (1989) has underlined, comparative rankings do not merely reveal unequally distributed qualities, and then select individuals on that basis. These competitions cause divergences in contenders' career paths, despite the fact that their abilities may have been similar. The concentration of earnings and reputations on a very small number of individuals could therefore correspond to gaps in success that are far greater than the gaps in abilities known as talents. The signal emitted by winning a competition helps trigger the process of reputation accumulation.

We readily see the connection between the assortative matching argument and the analysis holding that careers in art advance by way of tournament competition and cumulative advantage. In the course of their early, formative experiences, would-be artists manifest capacities in ways and degrees that vary by individual. The nature of what kind of difference in talent exists between creators who will succeed (more or less lastingly) and others who will not come out as well remains undetermined. Expressed in terms of probability of succeeding, the benefit that hoped-for talent provides early in an artist's career may be weak, but it will be enough to create a small, or not-so-small and in any case perceptible difference with each competitive comparison test, and this in turn will polarize the investments and 'wagers' of system actors (artists themselves, trainers, professionals, patrons, entrepreneurs, critics, and consumers). The intrinsic learning content of work is of a similar origin. There is an optimal profile for increasing one's skills: It is a function of the number and variety of work experiences an artist has and the quality of the collaboration networks she can mobilize as she moves from project to project.

## Conclusion

Given the skewed distribution of artists' income, how is it that artists are not deterred from entering such an occupation in growing numbers, nor withdrawing from artistic careers as much as would be expected? In order to face the constraints of a rationed labor market, artists have to learn to manage risky careers. Pioneering empirical research by Baumol and Bowen (1966) found that artists may improve their economic situation in three main ways which are not incompatible and may be combined: Artists can be supported by private sources (working spouse, family, or friends) or by public sources (subsidies, grants and commissions from the state, sponsorship from foundations or corporations, and other transfer income from social and unemployment insurance); they can work in cooperative-like associations by pooling and sharing their income and by designing a sort of mutual insurance scheme; and finally they can hold multiple jobs.

Another feature is essential to understand how artists behave under occupational uncertainty. Rewards in artistic jobs are of two sorts: monetary and nonmonetary, the latter being 'psychic income' flows which have in fact been regarded for a long time as an essential dimension of work. Analytically speaking, every job can be regarded as a bundle of characteristics; wage differentials compensate for more or less attractive work and equalize among workers the total monetary and nonmonetary advantages or disadvantages (Rosen, 1986). The benefits derived from nonmonetary income are not of a uniform magnitude. Individual differences in hiring probabilities are, by contrast, not subject to compensation. And an analysis in terms of equalizing differences requires that we adjust the total amount of these benefits according to the job, the level of professional achievement, and the portfolio management of multiple jobholding (Menger, 1989; Throsby, 1996).

Ironically enough, the nonmonetary value of creative work is the genuine fuel of market competition. The intrinsic motivation of each artist, which renders the absence of instrumental calculation rational in the context of creative activity, must compromise with that of all the others. Yet competition through the unlimited differentiation of artistic projects and artworks forbids the artist from seeing the other simply as a competitor against whom he must measure himself, by comparing easily calibrated qualities that would help determine who possesses them in greater quantity. In order to render such competition acceptable, the artist must invent a peculiar conception of his relationship to the audience for which he designates his work and of the action of market intermediaries: He must relativize or negate the sanctions produced by the orientation of audience preferences, and crudely divide the art markets between sectors of production for a vast audience, on the one hand, and sectors geared toward limited consumption, on the other. Such partitioning of the art markets largely contributes to inscribing the mechanism of competition between artists of the same sector into the more striking vision of a mechanism of hypercompetition that radicalizes the opposition between the ways of doing art: one oriented toward profit, and the other toward free and authentic invention. The deformation of the statistical reality of success and failure, as well as the recourse to salient counter-examples, are among the cognitive mechanisms by which artists invent the illusions

necessary to provide long-term motivation for their professional commitment.

**See also:** Cultural Mediators and Gatekeepers; Cultural Policies in East Asia; Cultural Policy Regimes in Western Europe; Cultural Production in Networks; Culture and Economy; Culture and Networks; Culture, Production of: Prospects for the Twenty-First Century; Markets: Artistic and Cultural; Organizations and Culture.

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