

# Unpacking social divisions of labor in markets: Generalized blockmodeling and the network boom in stock photography



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## ABSTRACT

During the advent of digital technology, the market for stock photography has undergone radical transformations that have disrupted incumbent businesses and produced new divisions of labor. Picture agencies have responded to this challenge with a veritable proliferation of inter-firm alliances. In the attempt to understand this network boom, this paper develops a theoretical link between the concept of regular equivalence and its capacity to detect intra-industry divisions of labor. Based on a network survey of picture agencies in Germany, a prespecified generalized blockmodel yields a valid representation of an increasing functional specialization of new value stages that translates into an extended social and spatial division of labor in ways that challenge a dualist theory of the division of creative labor.

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“Every good politician knows that a picture on a newspaper front-page is worth many speeches and much printed text. The story is in the picture, and a picture is easily and quickly seen and absorbed. An article or a reported story without a picture is often skimmed over, if at all, by the reader and all the effort is often lost . . . We live in a society of images.” (Inaugural address by Dr. Michael Frendo, President of Malta’s Foreign Affairs Commission, CEPIC Congress in Malta, 4 June 2008)

## 1. Introduction

In his inaugural address to the annual conference of the European association of picture agencies in Malta, Michael Frendo praises the symbolic value of the image over the word: “we live in a society of images”. What he overlooks, however, is the fact that the high semiotic value of photography is juxtaposed by the attenuating economic value of the picture trade. Although ever more images are being used in press, print, advertising, and film, and on the internet and mobile devices, etc., global revenues in the stock photo market have hardly grown since the 1990s. Instead, this industry has undergone a period of revenue stagnation and profound transformation as a consequence of technological and organizational innovations.

One of the consequences among the radical reorganizations of this creative industry has been a proliferation of inter-firm

contractual alliances and the emergence of sales partnerships among picture agencies at a subnational scale, i.e., within their domestic markets, which had not existed prior to digital technology (Glückler, 2010). Scholars interested in the social and spatial organization of industries appreciate situations of technological (Malecki, 1983; Massey, 1984; Scott, 1986; Storper and Walker, 1989) and institutional change (Bathelt and Glückler, 2014; Farole et al., 2010; Hollingsworth and Boyer, 1997; Rodríguez-Pose and Storper, 2006; Sayer and Walker, 1992) as occasions in which established structures of interdependencies are loosened or converted into new patterns of interrelations. The particular spatio-temporal realignment of inter-organizational relations in stock photography serves as an appropriate case to empirically examine and eventually account for the underlying logic of interdependencies and exchanges between organizations.

This paper pursues two related objectives: first, we theorize the effects of digital technology on the changing social division of labor in a digital media industry and develop conjectures about the underlying structure of divided labor in a rapidly growing inter-organizational network; secondly, we employ the concept of regular equivalence to pioneer the empirical measurement of the new social division of labor in the stock photo industry. To achieve this, our approach applies the method of generalized blockmodeling to an original dataset of inter-organizational strategic alliances between picture agencies in the German stock photo market. To our knowledge, this is the first time the concept of regular equivalence has been used to empirically study the role structure of an organizational network and its inherent divisions of labor. From the perspective of geographical organization studies, the paper does not aim to advance the methodology per se rather to fill a gap from

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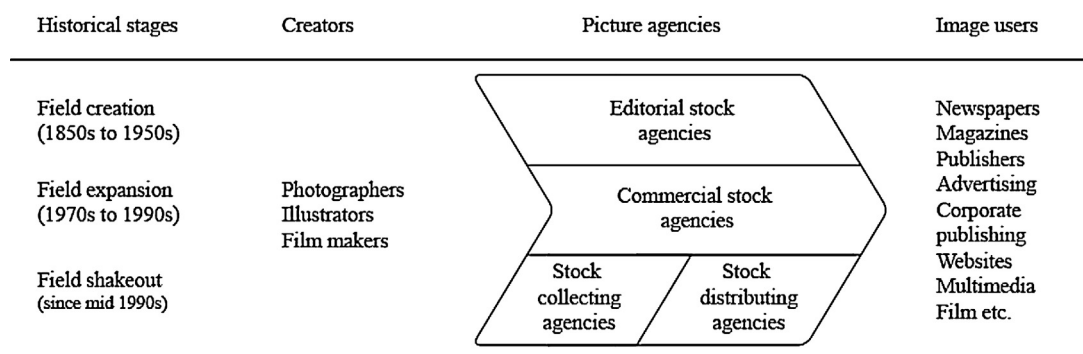


Fig. 1. Stages in the evolution of a social division of labor in stock photography.

an applied perspective that has been neglected for a long time. By providing a strong empirical case, we aim at valorizing the analytic utility of regular equivalence for both theorizing and unpacking inter-organizational divisions of labor in specific industries and markets.

We begin by reconstructing the historical stages of the division of labor in the stock photo trade, and we identify an emergent alliance boom among photo agencies as the specific phenomenon in need of explanation. Based on the deep-cutting transformations in photography (Benner, 2008; Munir, 2005), but particularly in the stock photo industry (Frosh, 2001, 2003; Glückler, 2005; Glückler and Sánchez Hernández, 2014), we investigate this alliance boom as a process of creating a new social and geographical division of labor. In Section 3, we distinguish vertical and horizontal divisions of labor and hypothesize distinct roles within a structure of divisions of labor in contemporary stock photography. In Section 4, we translate the concept of division of labor into the language of regular equivalence and develop a prespecified generalized block-model (Doreian et al., 2005) which discovers elements of old and new social divisions of labor. In Sections 5 and 6, we test our model empirically on the network of sales alliances in the German stock photography market and discuss each role<sup>1</sup> in detail. In addition, we find cues – consistent, though moderate – of a beginning spatial decentralization of the photo industry and discuss potential drivers of such centrifugal effects.

## 2. Changing divisions of labor in stock photography

The stock photo industry is the business of licensing preproduced visual content for specific uses and includes image creators (e.g., photographers) and picture agencies that operate in the

commercial trade of usage rights in return for royalty payments to image users. Stock photos are used for books, magazines, internet pages, advertising campaigns, exhibitions, and business communication. In the relatively short history of photography as an ‘organizational field’ (Battani, 1999; DiMaggio and Powell, 1983), three major stages – albeit rather simplified – in the evolution of the social division of labor can be delineated: the creation, expansion, and recent shakeout of the field. These stages are characterized by profound technical, organizational, regulatory, and economic changes that have broken old business models and generated new models and forms of interactions. These forms coexist in the current market structure (Fig. 1).

### 2.1. Field creation: the birth of the intermediary

Ever after the invention of photography by Louis Daguerre (the Daguerrotype) and the development of the negative by W.H. Fox Talbot in 1840, which established the basis for photographic reproductions, the development of photography has been intimately tied to technological change. Once transmission technologies were established around the 1920s, the improved availability of photography met a vastly growing demand by publishers, newspapers, magazines etc. The increasing demand gave birth to the intermediation between image creators and image users: Newspapers, magazines, and photographers who at first had only stored their material in archives progressively turned into independent picture agencies by marketing their pictures. Thus, the first generation of picture agencies was created parallel to news agencies like *AFP* (1835), *AP* (1848), and *Reuters* (1851) and delivered photos mainly for editorial use. This stage of early specialization was characterized by local catchment areas and close proximity to large news companies and publishers. While there was little or no formal collaboration within a domestic market, the provision of international images over long distances was mainly accomplished through early international sales agreements, for the most part with exclusive marketing rights (Wilkinson, 1997). This early stage characterizes the ideal type of editorial agency as one that focuses on the timely supply of topical content to media publishers and which is still in existence today.

### 2.2. Field expansion: market growth and the ascendance of the brand agency

The economic crisis of the early 1970s marked a new development phase labeled ‘the golden age’ of the stock photo business (Frosh, 2003). Due to budget cuts in publishing and particularly in advertising, stock photography became an attractive alternative to expensive photo productions, and the industry expanded from its predominantly editorial use to the commercial sector. In addition, the 1978 U.S. Copyright Law, which asserted that an image was the

<sup>1</sup> In network theory, the concepts of position and role are defined in methodological terms (Faust and Wasserman, 1992): While positions are “collections of actors who are similar in their relations with others”, roles refer to relational settings in “systems of relations among actors or among positions” (p. 6). A role, then, describes the particular set of relations of a position vis-à-vis all other positions. In the case of kinship relations, for instance, the combination of “mother of” and “sister of” leads to the relationship “mother’s sister” and is labeled as “aunt”. Unlike this technical nomenclature, a more sociological concept of role stresses the social meaning of the particular relations or expectations associated with a position or status (Linton, 1936): a role “represents the dynamic aspect of a status. The individual is socially assigned to a status and occupies it with relation to other statuses. When he puts the rights and duties which constitute the status into effect, he is performing a role” (p. 114). This comprehensive understanding captures the network theoretical notion of the specific pattern of relations with other positions (Faust and Wasserman, 1992), and it also includes the social meaning of role performance in a specific social context. Accordingly, whenever we refer to the term position, we refer to the classification of nodes into clusters of generalized equivalence in the network. Thus, ‘position’ is a cluster of nodes in a given network. In turn, whenever we use the term ‘role’, we follow a broader understanding corresponding with Linton (1936), among others, to denote the meaning of a structural position in relation to other positions and in the particular social context.

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