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# **Institution-Based Resource: Concept and Cases**

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A thesis submitted in partial fulfillment of the requirements  
for the degree of

**Doctor of Philosophy in Management**

Cass Business School  
City University  
London, United Kingdom  
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# TABLE OF CONTENTS

LIST OF TABLE .....	5
LIST OF FIGURES .....	6
ACKNOWLEDGEMENTS .....	7
DECLARATION .....	8
ABSTRACT.....	9
CHAPTER 1: INTRODUCTION.....	10
1.1 Research Motivation .....	10
1.2 Research Approach, Construct, and Contribution .....	10
1.3 Research Outline .....	11
CHAPTER 2: LITERATURE REVIEW .....	13
2.1 Resource-Based Theory (RBT) .....	13
2.2 Institutional Theory (IT).....	14
2.2.1 Definition: Institution .....	14
2.2.2 Conformity Is Necessary But Not Sufficient.....	17
2.2.3 Interpretive Flexibility and Innovation .....	18
2.3 Combining Resource-Based Theory and Institutional Theory.....	20
2.4 Conclusion.....	21
CHAPTER 3: INSTITUTION-BASED RESOURCE CONCEPT (IBR) .....	23
3.1 Institution-Based Resource: Definition and Premises .....	23
3.2 How Do Institutions Consecrate An Institution-Based Resource? .....	26
3.2.1 The Consecrating Institution and its Cultural Consecration ‘Projects’ .....	26
3.2.2 Organizational and Cultural Legitimacy of the Consecrating Institution .....	29
3.2.3 Symbolic Capital of the Consecrating Institution.....	32
3.2.4 The Process of Consecration .....	33
3.3 Symbolic Value and Benefit of Institution-Base Resource.....	36
3.3.1 The Advantages of the Institution-Based Resource.....	38
3.3.2 Value Dilemma of an Institution-Based Resource .....	43

3.4 What Erodes the Value of Institution-Based Resource? .....	45
3.4.1 How to Prevent an IBR from Losing its Value? .....	47
3.5 Conclusion.....	48
<b>CHAPTER 4: THE ROLES OF COUTURIER AND CREATOR AS AN IBR .....</b>	<b>50</b>
4.1 Introduction .....	50
4.2 The Fashion Industry Overview .....	50
4.2.1 Origin and Definition .....	51
4.2.2 A Cultural Product with Symbolic Meaning .....	52
4.2.3 Fashion Industry Structure .....	54
4.2.4 Fashion Trends, Shows, and Calendar .....	57
4.2.5 Gatekeepers in the Fashion Industry.....	58
4.3 Theoretical Overview .....	60
4.3.1 “The Federation”: History, Purpose, and Membership Rules .....	60
4.3.2 The Federation as Consecrating Institution.....	63
4.3.3 The Roles of Couturier and Creator as Institution-Based Resource.....	66
4.3.4 Fashion Week as Ritual and Field Configuring Events .....	71
4.4 Methodology.....	74
4.4.1 Data Collection and Analysis .....	74
4.4.2 Findings and Discussion.....	76
4.5 Conclusion.....	89
<b>CHAPTER 5: MUSEUM CONSECRATION AS AN IBR FOR FASHION DESIGNERS .....</b>	<b>91</b>
5.1 Introduction .....	91
5.2 Theoretical Overview .....	92
5.2.1 Museum as Consecrating Institution .....	92
5.2.2 Museum Exhibition as Ritual and Field Configuring Event .....	93
5.2.3 Museum Fashion Exhibition and Consecration of Institution-Based Resource .....	96
5.3 Research Context .....	99
5.4 Methodology.....	101
5.4.1 Data Collection .....	101

5.4.2 Data Analysis .....	102
5.4.3 Findings .....	104
5.4.4 Discussion and Conclusion .....	119
<b>CHAPTER 6: THE ROYAL WARRANT AS AN IBR.....</b>	<b>123</b>
6.1 Introduction .....	123
6.2 Theoretical Overview .....	123
6.2.1 The British Monarchy as the Consecrating Institution.....	123
6.2. 2 What is the Royal Warrant? .....	125
6.2.3 Royal Warrant as a Valuable Institution-Based Resource.....	130
6.2.4 Firms' Strategic Use of the Royal Warrant .....	134
6.3 Methodology.....	138
6.3. 1 Data Collection .....	138
6.3.2 Data Analysis .....	139
6.3.4 Findings .....	143
6.3.5 Discussion and Conclusion .....	170
<b>CHAPTER 7: CONCLUSION, CONTRIBUTION, AND DIRECTION FOR FUTURE RESEARCH .....</b>	<b>175</b>
<b>REFERENCES .....</b>	<b>184</b>
<b>APPENDICES .....</b>	<b>195</b>
Appendix 1: List of Members to the Federation in 2012 .....	196
Appendix 2: Royal Warrant Questionnaire .....	197

## LIST OF TABLE

Table 3.1: Summary of IBR Concept and Premises .....	24
Table 3.2: Examples of the Various Forms of IBR .....	28
Table 3.3: Prerequisites and Other Influential Factors for Successful Consecration Projects....	34
Table 4.1: The Role of Couturier and Creator as IBRs .....	66
Table 4.2: Product Line Extension and Diversification by Brands .....	79
Table 5.1: Selected Museum Exhibition and their Characteristics.....	103
Table 5.2: Museum Consecration of Fashion Designers as Artists .....	109-111
Table 5.3: Examples of Newspaper Exhibition Reviews.....	112-114
Table 6.1: Symbolic Capital Transfer from British Monarchy to the Royal Warrant & its holders.....	130
Table 6.2: Royal Warrant Hypotheses and their Measures .....	142
Table 6.3: Comments on the Royal Warrant & its Advantages to the Firms .....	150-153
Table 6.4: Correlation Matrix.....	157
Table 6.5: Factor Analysis .....	158
Table 6.6: ANOVA Analysis for H1.1.....	160
Table 6.7: ANOVA Analysis for H1.2.....	162-163
Table 6.8: ANOVA Analysis for H2.1.....	164
Table 6.9: ANOVA Analysis for H2.2.....	165
Table 6.10: Independent T-Test Analysis for H3.1 .....	166-167
Table 6.11: Independent T-Test Analysis for H3.2 .....	168-169

## LIST OF FIGURES

Figure 2.1: Theoretical Framework .....	20
Figure 3.1: Typology of Legitimacy.....	30
Figure 3.2: Antecedents & Consequences of Organizational Reputation.....	40
Figure 3.3: The Value of IBR as a Function of its Exclusivity.....	43
Figure 4.1: The Fashion Pyramid.....	54
Figure 4.2: Ngram Evolution of Haute Couture.....	56
Figure 4.3: The Federation's Organizational Structure.....	60
Figure 4.4: The Federation and its Relationship with Fashion Field Players.....	63
Figure 4.5: Popularity of H&M Designer Collaboration Collections.....	80
Figure 4.6: Mixing Fashion with Art.....	82
Figure 4.7: Typical Catwalk Seating Arrangement.....	82
Figure 4.8: Symbiotic Relationship among Fashion Field Players.....	83
Figure 4.9: PPR Group's Share Prices after McQueen.....	84
Figure 4.10: Christian Dior's Share Prices after Galliano.....	85
Figure 5.1: V&A Exhibition Poster on Yamamoto Shop in Bond Street, London.....	117
Figure 6.1: Display of Royal Warrant on Advertisement, Packaging, Premises, & Website.....	128
Figure 6.2: Specimen of Royal Arms.....	129
Figure 6.3: How the Royal Warrant is Used to Legitimize Claim.....	134
Figure 6.4: How the Royal Warrant is Used to Attract Stakeholder.....	135
Figure 6.5: Geographic Area Where Royal Warrant Firms Operate.....	143
Figure 6.6: Various Industries in which Royal Warrant Firms Operate .....	143
Figure 6.7: Firm's Perception of the Royal Warrant .....	145
Figure 6.8: Firm's Perception of the Royal Warrant's Advantages.....	146

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## **DECLARATION**

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## **ABSTRACT**

In this paper, we draw insights from resource-based theory, institutional theory, and Bourdieu's concepts of cultural consecration and symbolic capital to propose a concept of Institution-Based Resource (IBR) as a novel source of sustainable competitive advantage. We define an IBR as a valuable and symbolic resource that is consecrated and institutionalized by legitimate consecrating institutions, granted to or attained by individuals and/or firms based on each institution's merit system, and then used by individuals and firms as a means to achieve their objectives. We also specify three premises of the IBR, detail its benefits to individuals and firms, and explain how the value of IBR can be preserved over time. We regard the IBR as a strategic resource according to the resource-based tradition and argue that an IBR can be converted into different forms of capital, making it a unique source of competitive advantage for individuals and firms. We use a variety of primary and secondary data collection methods such as surveys, interviews, observations, and examinations of documentaries, printed materials, and archival records in order to illustrate our concept of the institution-based resource through three case studies: 1) The Role of Couturier and Creator as IBR in the Luxury Fashion Industry, 2) Art Museums' Consecration of Fashion Designers as Artists, and 3) The Royal Warrant as an IBR. The findings from our research support and highlight the importance of our IBR concept to firms' strategy and competitive advantage as well as open up many areas for future research.

# **CHAPTER 1: INTRODUCTION**

## **1.1 Research Motivation**

A common problem that most firms face in their market place is how to identify and acquire unique resources and then maintain their uniqueness over time. Often, firms invest much of their time, effort, and capital into acquiring strategic resources only to find that they cannot reap the full benefits of their investments because the resources they have obtained can be easily replicated by their rivals. This dilemma poses an interesting topic for our research: How can firms strategically identify, obtain, and prolong the life of their strategic resources? How can firms exploit their strategic resources and in the process gain sustainable competitive advantage?

## **1.2 Research Approach, Construct, and Contribution**

We begin to tackle this dilemma by examining the resource-based theory and its concept of strategic resource. The resource-based theory advocates that a firm must focus on building its capabilities to acquire and manage strategic resources so that it can gain competitive advantage over its rivals. However, the resource-based theory largely neglects institutional influence in its analysis of a firm's behavior. Hence, we turn to institutional theory to provide us with an in-depth explanation of organizational behaviors in light of their environmental settings. We also examine related literature on cultural consecration, symbolic capitals, intangible assets, institutional work, rituals, and field configuring events in order to gain a wider perspective and greater understanding of resources, their creation processes and their contribution to a firms' performance.

We found that prior research has overlooked and under-exploited what we call "Institution-Based Resource (IBR)," which can be a unique source of a firm's sustainable competitive advantage. Consequently, in this research, we develop the concept of the IBR by combining knowledge from the literature we reviewed with insights from three different case studies. We gather data from primary and secondary sources, conduct statistical analysis on quantitative data, and use grounded theory on qualitative data. We mixed several methods of data

collection and analysis in our research in order to ensure the validity and reliability of our findings.

We define the IBR as a valuable and symbolic resource that is consecrated and institutionalized by legitimate consecrating institutions, granted to or attained by individuals and/or firms based on each institution's merit system, and then used by individuals and firms as a means to achieve their objectives. We identify a consecrating institution as an institution that performs consecration, a process of valorizing cultural producers and products, and creating a symbolic distinction between those producers and products that are noteworthy and those that are not. We consider the IBR to be a strategic resource as its symbolic value can be usefully converted into social, cultural, and economic capitals. We recognize that the symbolic value of an IBR is tied to the amount of symbolic capital and the competitive position of its consecrating institution. Consequently, institutional maintenance is essential to the preservation of the consecrating institution and the value of its IBR.

Accordingly, we believe that our IBR concept mainly contributes to the resource-based and institutional theories as well as to the studies that call for the integration of the two theories in a firm's strategy formation. Through our theoretical arguments, we hope to encourage firms to find novel ways to conform to institutional requirements and accumulate IBRs and then strategically use them to gain sustainable competitive advantage, to achieve leading market positions, and to increase their longevity. We believe that our IBR concept will be useful not only to firms, but also to individuals, as they face an increasingly challenging task of differentiating themselves from competitors.

### **1.3 Research Outline**

Our research is structured as follows: Chapter Two presents a review of the literature that contributes to the formation of our concept of IBR. We focus on the resource-based and institutional theories. We also point out that conformity is a necessary but not sufficient strategy for firms to succeed in the marketplace. Rather, a firm should take advantage of interpretative flexibility and conform innovatively to institutional requirements so that it may gain institutional support but at the same time maintain its uniqueness. Chapter Three details the theoretical grounds for our proposed concept of Institution-Based Resource. We identify

three premises of the IBR concept and explain each in detail. Furthermore, we argue that the legitimacy and symbolic capital of the consecrating institutions influence the success of their consecration projects. We also detail how an IBR is valuable to firms. Additionally, we discuss the value dilemma of the IBR, identify factors that erode its value, and point out how the consecrating institutions and the consecrated individuals and firms can try to preserve the value of their IBRs.

Chapters Four, Five, and Six provide illustrative case studies of how IBRs can be obtained and used in different industries and settings. In Chapter Four, we will explore the field of luxury fashion and examine how a professional association consecrates roles of couturier and creator that are valuable IBRs for fashion designers. In Chapter Five, we will examine how art museums consecrate fashion designers as artists and analyze how the symbolic value of such consecration is an IBR that designers and their fashion houses can convert into economic capital. In Chapter Six, we will study how the symbolic value of the royal warrant is a valuable IBR for its holding firms and examine the ways in which firms can capitalize on their royal warrant. Finally, in Chapter Seven, we will provide a summary of our research, point out its limitations and contributions, and suggest areas for future research.

## **CHAPTER 2: LITERATURE REVIEW**

In this chapter, we review the arguments and assumptions made by the resource-based and institutional theories about strategic resources and firms' behaviors. These two theories provide the framework of our analysis and lead to the development of our concept of the Institution-Based Resource (IBR) in Chapter 3. We conclude the chapter by encouraging firms to use the insights they gain from the two theories in their strategic planning, resource acquisition, and management processes.

### **2.1 Resource-Based Theory (RBT)**

According to resource based theory, sustainable competitive advantage can be achieved by firms possessing 1) strategic resources and 2) the capabilities to manage and exploit these strategic resources to their fullest capacity (Barney, 1991). Firm resources are defined as "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by the firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness" (Barney, 1991: 101). Barney divided these resources into three categories: physical capital, human capital, and organizational capital. Examples of these resources are, respectively, land and machines; employees and their individual skills; and a firm's culture and communication system. It is important to note that not all of a firm's resources are strategic. Any one of the three categories of resources can be considered 'strategic' resources when it is rare, durable, valuable, and hard to imitate or substitute (Barney, 1991). The resource-based view (RBV) of strategy argues that strategic resources are the key to a firm's sustainable competitive advantage. Hence, a firm's strategy should focus mainly on acquiring, building, and protecting its strategic resources and developing the superior internal capabilities to manage them.

When formulating strategy, RBT argues that market factors can influence firms' internal decisions to acquire, develop, and/or discard certain resources and capabilities in order to achieve their strategic objectives. These market factors are similar to Porter's (1980) concept of the five forces that shape strategy: the bargaining power of buyers, the suppliers, the competitors, and the industry and product market structure. These market factors can create barriers and imperfect market conditions that make it difficult for firms to successfully

compete in the market place. In the end, only firms with superior strategic resources and capabilities are able to gain competitive advantage and triumph over their rivals.

However, the RBT overlooks social and institutional influences in its organizational analysis. The RBT assumes that firms are not influenced by social pressure to behave according to social values, norms, and traditions. Based on this assumption, RBT argues that firms' actions are always rational and economically motivated (Oliver, 1997). In reality, a firm's actions are not always purely rational and economical. Firms sometimes behave counterproductively, and the resource based view does not have an adequate theory to explain why there is such a phenomenon. RBT has not "...looked beyond the properties of resources and resource markets to explain enduring firm heterogeneity,...[or] examined the social context within which resource selection decision are embedded" (Oliver, 1997; 679). This lack of theoretical explanation leads us to look to institutional theory to help us explain and understand the relationship between the inner workings of an organization and its environment.

## **2.2 Institutional Theory (IT)**

Institutional theory is a theory "concerned with the institutional pressures an organization faces in its environment, from other organizations and from the pressures of being an organization" (Mintzberg, Ahlstrand and Lampel, 1998: 294). Institutional theory explains that organizations' decision making processes and actions are influenced by many factors, which are both internal and external to the organizations. Examples of internal factors are budget constraints, ineffective management, and high employee turnover. Examples of external factors are government regulations, local culture and work ethic, and environmental protection laws and enforcement agencies. Because of these factors, organizations cannot always make economically rational decisions and are required to behave in ways that are normatively and socially accepted.

### **2.2.1 Definition: Institution**

Before we go deeper into institutional theory, we must first define clearly what we mean by 'institution.' Institution is a word that is widely used and can refer to many different things. Institutions are commonly defined as 1) a significant practice, relationship, or organization in a society or a culture; 2) something or someone firmly associated with a place or a thing, and 3) an established organization or corporation. Based on this broad definition, many things can be

regarded as an institution: law, money, marriage, religion, and university. As one can see, this broad definition of ‘institution’ and the many meanings it conveys makes it problematic for theorists across disciplines to develop a uniform definition of ‘institution.’ Hodgson (2006) gives an account of different definitions of ‘institution’ from many disciplines and discusses them in details.

In this paper, we are concerned with institution as an “established organization.” Therefore, we have adopted sociologist Scott’s (2001) definition of institution because it provides us with the most useful insights. Scott (2001:48) defines institutions as “...social structures that have attained a high degree of resilience. Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines and artifacts...” According to Scott (2001: 48), institutions “...connote stability but are subject to change processes, both incremental and discontinuous.”

Furthermore, Scott (1995; 2001) argues that institutions are made of three supportive pillars: regulative, normative, and cognitive. Scott’s (1995; 2001) ideas of the three supportive pillars correspond with North’s (1990) typology of institutions: formal and informal. Scott’s (1995; 2001) regulative pillar is the equivalent of North’s (1990) formal institution, which refers to the rules, laws, and regulations put in place by governments. Scott’s (2001) normative and cognitive pillars are equivalent to North’s (1990) informal institutions which refers to the social norms, cultures, and ethics of the people within which an institution is founded.

Institutions often engage in some forms of institutionalization activities in order to secure their future. Institutionalization is defined as a process in which a chosen entity, be it objects, ideas, or process, is infused with value (Selznick, 1957). Once institutionalized, that chosen entity becomes part of the fact or ‘objective reality’ that people take for granted (Zucker, 1977; 1983). People often accept and obey an institutionalized entity without questioning its rational and appropriateness. Hence, institutionalization can also be defined as “a social process by which individuals come to accept a shared definition of social reality -a conception whose validity is seen as independent of the actor’s own views and actions but is taken-for-granted as defining the ‘way things are’ and/or the ‘way things are to be done’” (Scott, 1987: 496; Meyer

and Rowan, 1977; Zucker, 1977). Institutionalization, therefore, is an important process because entities that are institutionalized will enjoy the advantage of increased stability and survival compared with those that are not institutionalized.

Institutional theory provides us with a theoretical explanation of a firm's behaviors in light of its environmental settings. Institutional theorists urge strategists to take into account the institutional context of firms when making strategic plans. Early institutional studies suggest that the path to a firm's successful survival and sustainable competitive advantage is through conforming to existing social systems and processes (DiMaggio and Powell, 1983). In their view, actor and agency have little power or choice but to comply with existing rules and regulations. More importantly, conforming to readily established systems can give a firm many benefits, such as legitimacy, stability, group membership, and access to network (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Baum and Oliver, 1991; Pfeffer and Salanik, 1978).

However, neo-institutional theorists have progressed from this initial viewpoint to account for the fact that conformity is not the only pathway to success. They observe that there are many "institutional entrepreneurs," or actors who often influence, shape, and manipulate existing institutional arrangements to pursue their own interests and achieve their own objectives (DiMaggio and Powell, 1983; Oliver, 1991; Lawrence, 1999; and Greenwood & Suddaby, 2006). These neo-institutionalists believe that institutional entrepreneurs are capable actors that defy existing institutional arrangements and take steps to alter them by either "... leverag[ing] resources to create new institutions or ... transform existing ones" (Maguire, Hardy and Lawrence, 2004: 657). Scholars who advocate this view often see the institutional entrepreneurs as heroes and the institutions as villains and were thus criticized for downplaying the enduring institutional context and overemphasizing the ability of the institutional entrepreneurs (Lawrence, Suddaby and Leca, 2009).

Nonetheless, we do not believe that institutions and their demands are always obstructive to firms' success. Like two sides of a coin, institutional contexts can help or hinder firms' objectives. Hodgson (2006: 2) posits that "institutions both constrain and enable behavior. The existence of rules implies constraints. However, such constraint can open up possibilities: it may enable choices and actions that otherwise would not exist. For example, the rules of language allow us to communicate; traffic rules help traffic to flow more easily and safely;

...Regulation is not always the antithesis of freedom: it can be its ally" and even its facilitator. For this reason, we argue that strategic conformity to institutional requirement can be beneficial to firms.

### **2.2.2 Conformity Is Necessary But Not Sufficient**

We believe that some level of conformity to institutional demands is a necessary but not sufficient condition for firms to succeed in the market place. Conformity is necessary because it allows firms to gain membership and support from the institution and rightfully compete with other institutional members. For example, athletic competitions usually have rules that participants must adhere to in order for them to be able to enter the competition. If the athletes do not meet the minimum requirements, they will not be given the chance to compete. Similarly, firms in many industries must conform to certain requirement thresholds in order for them to gain the legitimacy to compete in the market place. Scott (1995) theorizes that there are three different types of institutional pressures that can command a firm's conformity: regulative, normative, and cognitive. He explains that firms face and conform to regulative pressure from government's rules, laws, and regulations; they also face and conform to normative and cognitive pressures from society as well as the institution in which they are embedded. It is not uncommon for firms to face all three types of institutional pressure at the same time.

There are many reasons for firms to conform to institutional pressure. Some firms follow a population ecology logic and conform so that they can avoid being selected out of the competitive sphere (Mintzberg, Ahlstrand and Lampel, 1998). Some firms conform to institutional demands so as to "avoid legitimacy challenge[s] that hinder resource acquisition, *ceteris paribus*" (Deephouse, 1999: 152). Some firms conform because "...they are rewarded for doing so through increased legitimacy, resources, and survival capabilities" (Scott, 1987: 498). Finally, institutional theorists observe that firms conform because they are similar to humans: they are motivated by social acceptance, are prone to social influences, are approval seeking, and often fall into old habits and traditions (Scott, 1995). Institutional theorists argue that firms that conform to the normative and cognitive pressures are using normative rather than economic rationality (Oliver, 1997); and, thus, are inefficiently using their resources.

The degree to which a firm conforms to institutional requirements will vary and depends on how strongly the requirements are institutionalized. Zucker (1977) believes that institutionalization exists in a continuum, ranging in value from low to high, rather than a binary occurrence, in which institutionalization is either present or absent. Highly institutionalized ideas will almost automatically be obeyed; whereas, a less institutionalized concept needs to be convincing before a particular person acts upon it. For example, Zucker (1977) argues that the reason for cultural persistence is based on the degree of its institutionalization. The more culture is institutionalized, the more people pass it on to the next generations, the more it is maintained, and the more strongly culture can resist change.

Unfortunately, as firms increasingly conform to institutionalized requirements, they become more similar to each other. This is a phenomenon called institutional isomorphism (DiMaggio and Powell, 1983). When firms become very similar to one another, they begin to think alike, act alike, and, consequently, lose their ability to innovate and compete effectively. Deephouse (1999) sees isomorphic firms as having high levels of “strategic similarities” and, thus, low levels of differentiation. In this scenario, firms are just doing what every other firm does, and so they do not gain any additional advantages over their rivals (Deephouse, 1999; Porter, 1980). Deephouse (1999: 154) illustrates that this type of firm will yield low performance because “...the costs of strong competition outweigh the benefits from being legitimate.” Subsequently, we believe that conformity in moderation is desirable but that conformity alone is not a sufficient or effective strategy for firms to gain sustainable competitive advantage and attain leading market position.

### **2.2.3 Interpretive Flexibility and Innovation**

There are firms that innovatively conform to the minimum level of institutional requirement. These are the firms that can outperform their rivals and secure advantageous market positions. According to Deephouse (1999), firms that employ moderate levels of strategic similarity can benefit from lower competition for resources and at the same time maintain legitimacy, thus allowing the firms to achieve greater performance than firms that pursue either a high or low level of strategic similarity alone. Hence, Deephouse (1999) recommends firms to find a strategic balance between conformity and differentiation. He believes that in order to achieve

the best performance, firms should aim to be “as differentiated as legitimately possible” (Deephouse, 1999: 162).

Similarly, we believe that firms can outperform their rivals by moderately conforming to institutional requirements while being innovative about the way in which they conform and conduct their operations. Since the ways in which firms conform to institutional demands are often left ambiguous and open to interpretation, this ambiguity and openness to interpretation gives firms the “interpretive flexibility” necessary to infuse their strategies with creativity.

In their quest to meet institutional requirements, both existing and prospective institutional member firms can practice interpretive flexibility. For prospective firms, interpretive flexibility gives them the chance to find novel ways to conform to institutional requirements and gain membership to the institution. For existing institutional members, interpretive flexibility allows them to play, push, and even manipulate the rules and requirements set by the institution for their own advantages, and in this way, outperform others. In both cases, interpretive flexibility requires creative thinking and problem-solving from existing and prospective member firms.

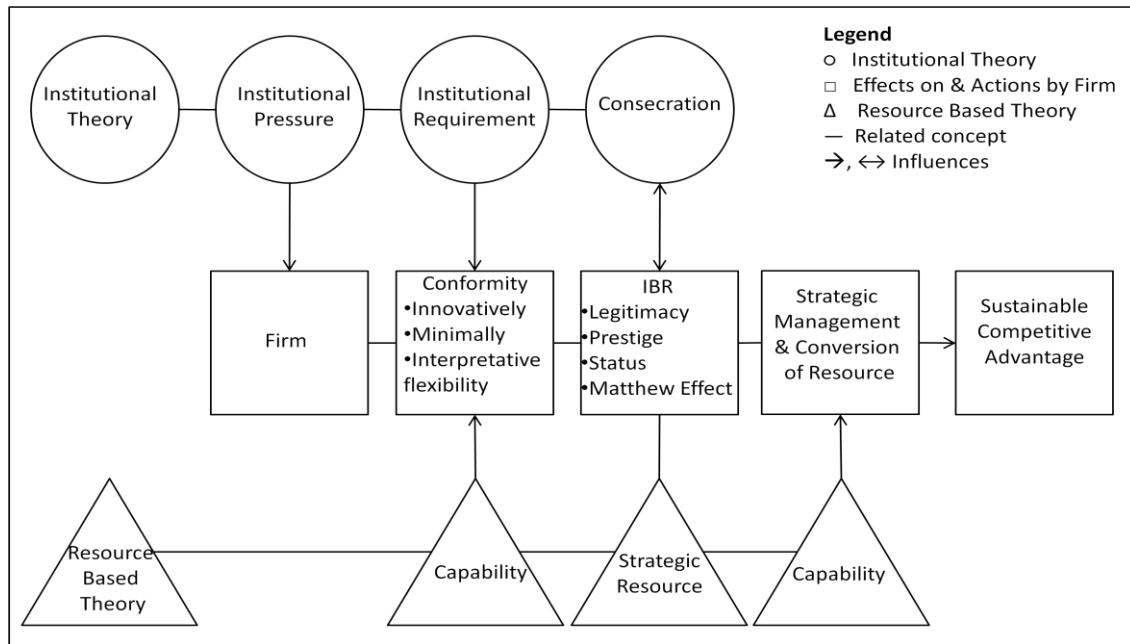
Interpretive flexibility also opens a space for competition in two ways. First, it calls for firms, existing and prospective members, to devise novel ways to conform to established institutional requirements and at the same time, find a new viable market position. In this race, a firm that can invent the newest unique way to conform without losing its efficiency and identity wins the competition and gains attention and respect from customers, peers, and critics. Firms that simply conform without trying to differentiate or add a twist to their strategies and product/service offerings will experience institutional isomorphism and become ‘just another face in the crowd.’

Second, interpretive flexibility sometimes challenges firms to compete for institutional legitimacy and recognition. Institutions award legitimacy and recognition to firms that conform to their requirements. Competition, thus, becomes more complex and intense as firms must compete against each other to be selected as members of this exclusive and authoritative institution. As a result, this kind of competition definitively categorizes firms into the “in” and the “out” groups. The in-groups are the winners, the “legitimate” members of the institutions now endowed with institutional legitimacy, recognition, reputation, support and privileges; the

out-groups are the non-members that did not manage to attain institutional legitimacy and, therefore, are not given institutional recognition and support. In the luxury fashion industry, for example, Kawamura (2004) observes that when a designer is selected to become a member of the “Federation,” an institution that governs the French fashion industry, his/her status is elevated such that he/she becomes the elite designer in comparison to the non-elite designers whose names are never publicized to consumers. As a member of “the Federation,” designers and their houses gain privilege, reputation, institutional support, global media attention, and consumer awareness.

### 2.3 Combining Resource-Based Theory and Institutional Theory

Figure 2.1: Theoretical Framework of Our Analysis of Firm’s Strategy to Achieve Sustainable Competitive Advantage



We believe that firms have much to gain by learning from resource-based theory and institutional theory. Resourced-based theory advocates that firms should seek out strategic resources and develop internal capabilities to manage them in order to gain sustainable competitive advantage. Institutional theory encourages firms to take institutional context into account before forming strategies and taking actions. Oliver (1997) affirms the need for firms to examine institutional context when formulating strategy. She points out that resource-based and institutional context affect managerial choices, which, in turn, affect firms’ resource

selection, accumulation, and deployment, which then causes firms to differ from one another (firm heterogeneity) and ultimately allows firms to gain sustainable competitive advantage.

Peng (2002) and Peng et al. (2009) take a step further to develop and promote the concept of an institution-based view of strategy as well as calling for such a view to be regarded as the third leading perspective in the field of strategic management after the industry-based view and resource-based view pioneered by Porter (1980) and Barney (1991) respectively.

By combining insights from both theories, we believe firms can devise more effective strategies and develop better capabilities to manage external institutional influences on their organizations. In Figure 2.1, we illustrate how the two theories form the basis of our analysis of firms and how they influenced us to develop a concept of institution-based resource (IBR) that can be a source of a firm's sustainable competitive advantage. We show that institutions can exert pressure on firms but also that firms can develop innovative strategies to conform minimally to institutional requirements; build up capabilities to strategically manage valuable IBRs that institutions consecrate on them, as a result of satisfying their requirements; and eventually gain sustainable competitive advantage. We further theorize that over time the consecrated firm will become more prominent, prestigious, and reputable within its field, and the magnitude of its success will allow it to reciprocally consecrate the institution that consecrated it in the first place (as illustrated by the double headed arrows in figure 2.1). In the next chapter, we will discuss the concept of the IBR in great detail.

## 2.4 Conclusion

In sum, the resource-based view provides us with a useful framework for analyzing a firm's internal resources and capabilities but fails to provide an adequate framework for analyzing a firm's behavior in light of its institutional environment. Hence, we look to institutional theory to help guide our analysis. Institutional theory explains that institutional context can strongly influence a firm's strategy and behavior. Firms are often required to conform to existing institutional arrangements and behave in a socially acceptable manner even though such actions may or may not be economically rational because of the mounting institutional pressure that surrounds them, be they regulative, normative or cognitive. However, as we have demonstrated, institutional context does not always constrain firms from achieving their objectives; it can also be facilitative. We have, in addition, illustrated that firms that conform

to institutional requirements without inputting any creativity will not be able to gain advantages over their rivals in the market place. Hence, we advocate that firms should try to conform to the minimum level of institutional requirements and use interpretive flexibility as an opportunity to be innovative in the ways they conform and conduct their businesses. In this way, firms will gain institutional support and legitimacy to compete with their rivals. We believe that by combining the insights from the resource-based and institutional theories, firms will be able to form more effective strategies. Similarly, Oliver (1997) and Peng et al. (2009) encourage firms to incorporate institutional context into their strategy formation.

We have also argued that institutions can be a valuable ally to firms. If firms learn to manage their relations with their surrounding institutions, then they can enjoy many advantages from such relationships. This argument has led us to propose a new concept of resource, an institution-based resource, which derives its value and importance from the consecrating institution and can be used by firms to gain competitive advantage over their rivals. In the next chapter, we will investigate how institutions consecrate and allocate IBRs and examine how and why firms should acquire and use such resources to their advantage.

## **CHAPTER 3: INSTITUTION-BASED RESOURCE CONCEPT (IBR)**

In this chapter, we focus on developing the concept of the Institution-Based Resource (IBR). We will start by defining the IBR concept and its premises and provide an illustrative example. We then examine the consecrating institution and discuss how its cultural consecration projects yield an IBR. We argue that the consecrating institution's ability to confer symbolic value onto its IBR is based on the combination of its organizational and cultural legitimacy as well as the symbolic capital it accumulates over time. We outline the prerequisites and influential factors that can help a consecrating institution perform cultural consecration and confer symbolic value onto an IBR successfully. Next, we detail the main symbolic benefits of an IBR, explain how it can be converted into economic capital, and point out why it can be a source of sustainable competitive advantage for individuals and firms. Afterward, we examine the factors that can erode the value of an IBR and suggest how the consecrating institution and the consecrated individuals and firms can preserve the value of their IBR. Finally, we will end the chapter with a discussion of a few issues concerning the IBR, followed by a brief conclusion of our IBR concept.

### **3.1 Institution-Based Resource: Definition and Premises**

There are many types of resources. According to Barney (1991), firms have three types of resources: tangible, intangible, and human. Tangible resources are physical resources like machines, factories, and office buildings. Intangible resources are non-physical assets like reputation, brands, and patents. Human resources refer to the employees of the firm together with the skills they bring to the company.

Our concept of IBR falls into the intangible resource category mainly because of the symbolic benefits it embodies. We define institution-based resource (IBR) as a valuable and symbolic resource that is consecrated by institutions, granted to or attained by individuals and/or firms based on each institution's merit system, and then used by individuals and firms as a means to achieve their objectives. An IBR can take many different forms depending on different fields of production. Examples of IBRs include – but are not limited to –awards, prizes, honors, and certificates. Furthermore, the symbolic value of an IBR is inherently tied to its consecrating institution.

## SUMMARY OF THE IBR CONCEPT

### Definition of IBR:

*A valuable and symbolic resource that is consecrated by an institution, granted to or attained by individuals and firms based on each institution's merit system, and then used by individuals and firms as a means to achieve their objectives*

### Premise 1: Consecrating Institution Consecrates an IBR

Engage in Cultural Consecration (Bourdieu, 1984; Allen & Lincoln, 2004)

*An act of valorization that instills value in persons or objects and imposes a discrete distinction between that which is consecrated as 'sacred' and worthy of admiration and respect and that which is not. The latter is considered as 'profaned' and unworthy of recognition.*

Hold Organizational and Cultural Legitimacy

Accumulate Symbolic Capital

*Symbolic capital refers to the resource available to social actors based on the degree of accumulated prestige, honor, and recognition. It should be regarded as a kind of 'credit' that can guarantee 'economic profits' in the long run. (Bourdieu, 1993).*

### Premise 2: AN IBR Must Be Earned by Individuals and Firms

Fair Process of Consecration

Four Prerequisite (Allen & Parsons, 2006)

Four Influential Factors (Allen & Parsons, 2006)

### Premise 3: IBR is a Valuable Source of Competitive Advantage

Symbolic Benefit → Economic Capital	→ Competitive Advantage
Signaling Quality	→ Visibility
Establishing Legitimacy and Credibility	→ Longevity
Lending Prestige and Status	→ Prominence
Enhancing Reputation	→ Market Domination
Accumulation of Advantages	→ Mathew Effect

### The Symbolic Value of IBR:

Is Inherently Tied to the Consecrating Institution

- Preservation and Erosion of the IBR's Value is linked to Institutional Maintenance

Is Convertible into Different Forms of Capital: Social, Cultural, & Economic

Is an Inverted Curvilinear Phenomenon

**Table 3.1: Summary of IBR Concept and Premises**

Based on our definition of an IBR above, there are three premises that warrant attention. First, an IBR is consecrated by a consecrating institution through a process of cultural consecration where the consecrating institution uses a ritual or a ceremony to confer its institutional values and symbolic capital on an entity and sanctions it as superior to the others of its kind. Second, individuals and firms can acquire an IBR only by meeting the institution's standards and going through the process set forth by each institution's merit system. Third, the IBR is a valuable and symbolic resource that individuals and firms can use as means to further their objectives. In Table 3.1, we provide a summary of the concept and premises of the IBR. We will elaborate on these points throughout the chapter.

Once consecrated, an IBR is endowed with symbolic values, which individuals and firms can convert to other forms of capital and use as resources to achieve their objectives. The Nobel Prize is a good example that we will use to illustrate our concept and premises of an IBR. The Nobel Prize is a prestigious and internationally recognized award. It is accredited by the Nobel foundation, which has been administering the award for over a century in collaboration with such premier research and educational institutions as the Royal Swedish Academy of Sciences, the Karolinska Institute, the Swedish Academy, and the Norwegian Storting. The purpose of the Nobel Prize is to recognize individuals who "shall have conferred the greatest benefits on mankind" ("Nobel Foundation"). The Nobel Prize is thus awarded to individuals in recognition of remarkable achievement in areas such as science, chemistry, physics, literature, medicine, and world peace. The Nobel Prize confers a great many advantages on its winners. In addition to receiving the Nobel Prize, which includes a medal, a personal diploma, and money, Nobel laureates also enjoy heightened status, prestige, and respect from their peers and the general public. The prestige and honor of winning the Nobel prize also spills over from the laureates to the institutions or firms with which they are affiliated. Many have observed that universities and firms that employ Nobel laureates experience an increase in reputational advantages as well. Bourdieu (1988) described this kind of spillover as 'consecration through contagion.' For these reasons, the Nobel Prize fits our definition of an IBR in that 1) the prize is consecrated by a legitimate institution, 2) Nobel laureates are awarded the prize because their achievements meet the criteria set forth by the Nobel Foundation, the consecrating institution, and 3) the prize is a valuable resource because the Nobel laureates can use it to gain access to capable

colleagues whom they may be able to recruit for their next research projects and to attract investors to fund such projects.

Based on the example above, we can see that the consecrating institution and its IBR can have a significant influence on the success of the individuals and their firms. Thus, it is important that we examine the consecrating institution and its IBR more closely. In the next sections, we shall discover how the consecrating institution comes to have the authority and legitimacy to consecrate an IBR, what is entailed in the formal process of consecration of IBR, and why it is that some IBRs consecrated by certain consecrating institutions are more valuable than others. What are the factors that enhance or erode the value of IBR? What are the strategies that individuals and firms should employ to maintain the value of their IBRs?

## **3.2 How Do Institutions Consecrate An Institution-Based Resource?**

### **3.2.1 The Consecrating Institution and its Cultural Consecration ‘Projects’**

The first premise of our concept of an IBR is that institutions consecrate the IBR. However, before we can understand what a consecrating institution is, we must first define what we mean by ‘consecration.’ Consecration is a term widely used in religion, philosophy, and sociology. It generally means the act of instilling value and making something sacred. In this paper, we adopt the sociology’s definition of consecration, which sees consecration as a distinct form of cultural valorization.

Allen & Lincoln (2004: 873) explain that “cultural valorization [is a process which] involves the use of aesthetic judgment to assign cultural value to cultural producers and products.” Cultural consecration is an extreme form of valorization in that not only does it assign cultural values to the cultural producers and products; it also “impose[s] discrete distinctions between those cultural producers and products that deserve admiration and respect and those that do not”(Allen & Lincoln, 2004:873). Allen & Lincoln (2004:874) point out that “cultural consecration is important because it involves granting cultural legitimacy to certain cultural producers and products, and by implication, denying it to other producers and their products.” Consequently, Bourdieu(1984) argues that culturally consecrated producers and products are enshrined as “sacred”; and those that are not consecrated are regarded as “profane.” Hence, Bourdieu(1991) believes that consecration is an act of “social magic” that produces

“discontinuity out of continuity” when it separates the great from the ordinary. Bourdieu (1984:6) describes cultural consecration as “...confer[ring] on the objects, persons, and situation it touches, a sort of ontological promotion akin to a transubstantiation.”

Based on the definition of consecration above, we define a consecrating institution as an institution that is responsible for valorizing cultural producers and products and consecrating a distinction between those producers and products that are noteworthy and those that are not. In Table 3.2 we provide a few examples of different consecration institutions and their corresponding IBRs. It is important to note that there can be many consecrating institutions in a given field of cultural production. For example, within the film industry there are numerous consecrating institutions such as the Academy Award, the Cannes Film Festival, and the National Film Registry. Furthermore, different consecrating institutions can carry out different cultural consecration ‘projects’ (Allen & Lincoln, 2004), which result in different forms of IBR, such as prizes, awards, honors, and ‘top-hit’ lists (English, 2005).

Researchers have explored cultural consecration in many industry settings as varied as films, acting, popular music, wine, and baseball (Allen& Lincoln, 2004; Lampel & Nadavulakere, 2009; Lincoln, 2007; Schmutz, 2005; Allen & Germov, 2010; and Allen & Parsons, 2006). All of these studies have noted that cultural consecration in the form of awards and prizes can positively affect the career mobility, remuneration, and sales revenue of the consecrated producers and their products, and is, therefore, highly sought after. They also recognized that cultural consecration is especially important in the field of cultural production where the subjective nature of the cultural products make their value and prices difficult to assess, hence, the need to rely on ‘expert opinion’ to evaluate and legitimate the cultural producers and their products (Allen & Germov, 2010; Towse, 2003). Cultural consecration, such as awards and prizes, lessens the valuation difficulties by formally valorizing the consecrated producers and their products as culturally and economically valuable. As English (2005:31) points out “...prize functions as a claim to authority and assertion of that authority –the authority, at bottom, to produce cultural value.”

<b>Consecrating Institution</b>	<b>Institution-Based Resource</b>	<b>Forms</b>	<b>Industry</b>
Baseball Writer's Association of America	National Baseball Hall of Fame	Honor List	Sport
Booker Prize Foundation	Man Booker Prize	Prize	Literature
British Monarchy	Royal Warrant	Honor	
Michelin Company	Michelin Stars	Honor	Gastronomy
Monarchy	Lords, Duke, and Count	Peerage	
Nobel Foundation	Nobel Prize	Prize	Chemistry, Physics, Medicine, Literature, and World Peace
Pritzker Family's Hyaat Foundation	Pritzker Architecture Prize	Prize	Architecture
Pulitzer Foundation	Pulitzer Prize	Prize	Journalism
RollingStone Magazine	100 Greatest List	Honor List	Music
The Academy Award	Oscars	Award	Film
The Academy of Television Arts & Sciences	Emmy	Award	Television
The French Federation of Couturier and Pret-a-Porter Designer	Couturier, Creators	Role	Fashion
UNESCO	World Heritage Site	Certificate	Tourism

**Table 3.2: Examples of the Various Forms of IBR**

Furthermore, consecration is not always a one-way phenomenon in which the symbolic value of a consecrating institution is conferred on individuals or firms. Often, consecration and the production and exchange of symbolic capital are a two-way or a mutual process between the parties involved. In two-way consecration, the consecrating institution gives and receives symbolic capital from those that it consecrates. In other words, the symbolic capital of the consecrated reciprocally consecrates symbolic capital for the consecrating institution. For example, the prestige of the Nobel Prize laureates like Albert Einstein consecrates prestige on the Nobel Foundation. The more eminent the laureates become in their fields, the more prestigious is the Nobel Foundation and the more valuable its Prizes. Lampel (2011) points out that many studies have recognized the circularity of symbolic exchange and the mutual process of consecration. English (2005) observed in his study of awards and prizes that it is the prestige and stature of the judges that guarantee the prestige and stature of the prize and that that stature of the prize reciprocally guarantees the judges' honor in judging it.

Additionally, research suggests there are two main types of cultural consecration: contemporaneous and retrospective. Contemporaneous consecration occurs just when cultural producers and products make their debut. In the film industry, for example, films are consecrated on a yearly basis through many consecrating institutions such as the Academy Awards, the Cannes film festival, and the BAFTA Awards. Retrospective consecration, on the other hand, happens when entities are consecrated years after they were first introduced. For instance, the Rolling Stone's 500 Greatest Album List is a retrospective consecration of music albums and artists because it evaluates all the albums in the past and then consecrates only the selected few that have remained popular through the years (Schmutz, 2005).

There is a relationship between these two types of consecration. First, a contemporaneous consecration often leads to a retrospective consecration of an entity. Lampel & Nadavulakere (2009) observed, in their study of the British film industry, that films which were contemporaneously consecrated have a greater chance of being retrospectively consecrated than their unconsecrated counterpart. Second, retrospective consecration imparts more cultural legitimacy than contemporaneous consecration because retrospectively consecrated cultural producers and products 'have survived the test of time' (Allen & Lincoln, 2004). Third, either type of cultural consecration helps to increase the salability of a cultural product (Lampel & Nadavulakere, 2009). Consequently, cultural consecration is an important process of value creation that can significantly affect the finances of the consecrated producers, be they individuals or firms. Nonetheless, cultural consecration is a delicate process that requires the consecrating institution to have organizational and cultural legitimacy as well as symbolic capital in order to confer symbolic value onto the IBR and their producers successfully.

### **3.2.2 Organizational and Cultural Legitimacy of the Consecrating Institution**

In order for the consecrating institution to culturally consecrate an IBR, it must have the organizational and cultural legitimacy to do so. Allen and Lincoln (2004:874) observe that "any formal consecration project entails an assertion on the part of an organization that it possesses the institutional legitimacy to consecrate certain cultural producers and their products as legitimate." Legitimacy is important because it gives the consecrating institution the power to legitimize their actions in the eyes of their constituents as well as gain their cooperation.

Legitimacy is defined as "... a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definition" (Suchman, 1995: 574; see also Higgins and Gulati, 2006).

According to Suchman (1995), there are three main types of organizational legitimacy: pragmatic, moral (normative) and cognitive. Each of these types of organizational legitimacy also has three subtypes, see Figure 3.1 below.

	Actions	Essences	
Episodic Continual	Exchange Influence	Disposition Interest Character	Pragmatic Legitimacy
Episodic Continual	Consequential Procedural	Personal Structural	Moral Legitimacy
Episodic Continual	Comprehensibility Predictability Plausibility Taken-for-Grantedness Inevitability Permanence		Cognitive Legitimacy

**Figure 3.1: Typology of Legitimacy**

Source: Suchman (1995)

We believe that a consecrating institution must hold at least one type of Suchman's (1995) organizational legitimacy in order for it to have the authority to consecrate an IBR. Suchman (1995) argues that constituents will accord pragmatic legitimacy - exchange, influence, or disposition - to organizations when they see that the organization's policy is valuable to them. Hence, pragmatic legitimacy is seen as having to do with the constituents' calculated *self-interest* in their exchange with the organization. Suchman (1995: 579) articulated that moral or normative legitimacy is based on the constituents' "... positive normative evaluation of the organization and its activities." Hence, constituents will accord moral legitimacy to organizations that "do the right thing." Constituents will *evaluate* the organization and its actions based on what it has accomplished (consequential legitimacy); the procedures and

technique it used to achieve this accomplishment (procedural legitimacy); the structure and capacity of the organization to perform certain types of work (structural legitimacy); and the charisma of the leader of the organization (personal legitimacy). Finally, cognitive legitimacy is based on constituents' *cognition* about the organization as they try to make sense of their surroundings and the world. There are two subtypes of cognitive legitimacy: comprehensibility legitimacy and taken-for-granted legitimacy. Constituents will accord comprehensibility legitimacy when they can see plausible cultural explanations for the organization and their actions and how they fit with the "... larger belief system, *and* with the experienced reality of the ... [constituents'] daily life" (Suchman, 1995: 582). Constituents will passively accord taken-for-granted legitimacy to organizations when they accept the organization as "... *necessary or inevitable* based on some taken-for-granted cultural account" (Suchman, 1995: 582).

Although there is no formal hierarchy amongst the different types of legitimacy, one can see that legitimacy grows stronger and becomes more ingrained in the constituent mentality as one moves from pragmatic to moral to cognitive legitimacy. This is because pragmatic and moral legitimacy still require active evaluation and acceptance on the part of the constituents, whereas cognitive legitimacy does not. Cognitive legitimacy is so embedded in the way constituents view the world that they passively accept the actions of the consecrating institution without questioning their appropriateness (Suchman, 1995). For this reason, the taken-for-granted legitimacy is considered the most subtle and most powerful type of legitimacy because it makes "alternatives become unthinkable, challenges become impossible, and the legitimate entity become unassailable by *construction*" (Suchman, 1995: 583).

Additionally, the consecrating institution must possess the cultural legitimacy to consecrate an IBR. Bourdieu (1993) identified three forms of cultural legitimacy: specific, bourgeois, and popular. The specific legitimacy of a consecrating institution stems from its members who are renowned professionals of their fields. The Academy Award, for example, is a consecrating institution that is made up of professional filmmakers whose knowledge and hands-on experience is the basis of the institution's specific legitimacy to consecrate recognition on fellow professional actors and film makers. The consecrating institution derives bourgeois legitimacy from its members who are critics or expert observers of the fields. According to Broomberg & Fine (2002), critics are 'reputation entrepreneurs' who can influence the status of cultural producers and their work through their discourse. The Michelin Guide is an example

of a consecrating institution with bourgeois legitimacy to consecrate restaurants around the world with its Michelin Stars. Appraisal of a restaurant's food and service quality by the Michelin Star food critics can have a tremendous impact on the success or failure of a particular restaurant. Lastly, a consecrating institution can consecrate popular legitimacy by relying on public admiration and approval of cultural producers and products. Billboard Magazine, for example, created the Billboard Chart of top hit music by accounting for the popularity of the songs with the public.

### **3.2.3 Symbolic Capital of the Consecrating Institution**

In addition to having organizational and cultural legitimacy, consecrating institutions must accumulate a considerable amount of symbolic capital in order to be able to consecrate a valuable and meaningful IBR. Symbolic capital is one of the four types of capital identified by Bourdieu (1993). Examples of the symbolic capital of a consecrating institution are prestige, status, and public recognition. We believe that there are many ways by which a consecrating institution can accumulate symbolic capital. A consecrating institution can build up its symbolic capital through developing rigorous and fair selection procedures and consistently maintaining high standards of excellence over a long period of time. It can also accumulate symbolic capital by forming alliances and partnerships with other symbolically-rich institutions. For example, Harvard University is able to accumulate high symbolic capital through recruiting top tier professors and researchers, accepting students with exceptional academic records, and forming alliances with other Ivy leagues universities and top colleges around the world.

We noticed that the amount of symbolic capital accumulated by consecrating institutions varies from one institution to the other and that the more symbolic capital a consecrating institution accumulates, the greater the symbolic value of its IBR. For example, we recognized that there are numerous consecrating institutions and prizes in the field of literature. However, the most prestigious prize of all is the Nobel Prize in Literature. Compared to other consecrating institutions, the Nobel Foundation is able to confer the greatest symbolic value on its prize because it has accumulated the greatest amount of symbolic capital. It is one of the oldest and most prestigious awarding institutions in the world. It is highly rigorous in terms of selecting each prize winner. Unlike the winners of other literary prizes that are shortlisted only once, the winner of the Nobel Prize in Literature must be shortlisted at least twice before he or

she can win the prize. Moreover, the judges of the Nobel Prize possess high cultural and symbolic capital. They include former Nobel laureates and prominent figures of the literary field. Furthermore, the competition for the prize is very intense as it is open to all writers regardless of their nationalities. Additionally, the prize money for the Nobel Prize in Literature is about one million US dollars, the largest remuneration of all literary prizes in the world. Based on the examples above, we can see that legitimacy and the symbolic capital of consecrating institutions and the value of their IBRs are strongly linked to their consecration processes. In the following section, we will examine this point in detail.

### **3.2.4 The Process of Consecration**

The second premise of our concept of IBR is that individuals and firms must go through a rigorous selection process and *earn* themselves the IBR. Typically, individuals and firms are nominated either by others or self, into a competition-like setting. Then, the consecrating institution will judge the contestants according to its merit system. Finally, the consecrating institution will formally perform the act of consecration through a ceremony, during which it confers symbolic capital such as recognition, legitimacy, prestige, and status in the form of an award and a prize to a limited number of cultural producers and products that entered the competition.

A fair process of consecration is important because it underpins the legitimacy of the consecrating institution and the value its IBR. Allen and Lincoln (2004:875) observed that "... the legitimacy of both the organization and its consecration project is based on the perceived legitimacy of its procedures." Bourdieu (1991:120) argues that "the distinctions that are the most efficacious socially are those which have the appearance of being based on objective difference." Hence, the consecrating institution will be able to successfully execute cultural consecration 'projects' when they meet the four prerequisites and manage four influential factors proposed by Allen & Parsons (2006) as shown in Table 3.3.

Four Prerequisites	Four Influential Factors
1. Cultural Authority of Consecrating Institution 2. Rigorous Selection Procedures 3. Relative Selectivity of Outcome (Simmel, 1900) 4. Observable Objective Differences between those consecrated and those not (Bourdieu, 1991)	1. Contextual Factor 2. Social Characteristics 3. Prior Social Recognition 4. Media Discourse

**Table 3.3: Prerequisites and Other Influential Factor for Successful Consecration Projects**

Source: Allen & Parsons (2006)

The first prerequisite, as we have explained in the previous section, is that the consecrating institution must be legitimate so that it can exercise credible authority to consecrate cultural producers and their products. As Scott (1987: 502) points out “authority as legitimated power; legitimated power is normatively regulated power. When an organization’s power is ‘authorized,’ it is, presumptively, supported and constrained by the actions of officials superior to it and in a position to oversee its appropriate use.”

Second, the consecrating institution must use rigorous procedures to select recipients of an award. Rigorous selection criteria help to validate the consecrated cultural producers and their products as the best in their class. Transparent selection procedures and evaluation processes legitimize institutional acts. As Lampel & Nadavulakere (2009: 242) point out, “institutions that are systematic and open about the processes used to select and evaluate cultural products normally enjoy greater legitimacy than institutions that adopt *ad hoc* processes that are difficult to verify.”

Third, the consecrating institution must be selective when consecrating awards so that only a small number of potential recipients actually receive the honor (Simmel, 1900). By being highly selective and consecrating only a handful of producers and their products, the consecrating institution is able to project two valuable perceptions of its institution and its IBR. First, the consecrating institution can project the image of maintaining high consecration standards; this allows it to be perceived as an eminent institution. Second, as a consequence of the first projection, cultural producers and products that are consecrated by a highly prestigious consecrating institution receive greater legitimacy, prestige, honor, and admiration than if they

were consecrated by a less selective consecrating institution. For example, a person who wins a prize over a hundred contestants is perceived to be more competent than a person who wins a prize over just ten opponents; and winners of national-level prizes are perceived to be much more prestigious than winners of local-level prizes in the same category because they are selected from a pool of the best national-contestants, and are, therefore, considered “the best of the best.”

The last and most important of the four prerequisites is that the consecrating institution must be able to demonstrate the objective differences between cultural producers and products that are consecrated and those that are not (Bourdieu, 1991; English, 2005; Allen & Parsons, 2006). Consecrating institutions that adhere to meritocratic principles will be perceived as legitimate consecrating bodies, and the objects of their consecration, whether they be individuals or firms, will also be accepted by constituents as genuine and worthy of respect and admiration.

Furthermore, Allen & Parsons (2006) observed that influential factors like contextual factors, social characteristics, prior social recognition, and media discourse can affect constituents’ substantive rationality and, consequently, the success of cultural consecration projects. Research on collective memory and reputation formation provide insights into this particular argument. Affiliation with well-known institutions is a kind of contextual factor that can help consecrated individuals or firms gain legitimacy and recognition in the wider community. For example, a professor from Harvard University is more likely to be remembered at a conference than a professor from a lesser known university. Prior social recognition also contributes to the success of the consecration project. Merton (1968) observes that eminent scientists get more recognition for their contributions than their lesser known colleagues for comparable contributions. Social characteristics such as race and environmental policies may also affect the success of the consecration projects. Lastly, media discourse about the cultural producers and their products can also influence the success of a consecration. In the fashion industry, we observed that the more media discourse generated about fashion designers and their runway collections, the more they are seen as legitimate fashion authorities empowered to direct the trends of the season. In short, the consecrating institutions that meet these four prerequisites and learn to manage the influential factors outlined by Allen & Parsons (2006) will be able to

maintain their legitimacy and successfully consecrate valuable IBRs. In the following section, we will examine how the symbolic value of an IBR becomes a valuable and strategic resource to its holder.

### **3.3 Symbolic Value and Benefit of Institution-Base Resource**

The third premise of our concept of the IBR is that it is a valuable and symbolic resource that can be strategically used to further individuals' and firms' objectives. An IBR is a valuable resource because it holds unique institution-specific symbolic values that individuals and firms can use to acquire or convert into Bourdieu's (1986; 1993) other forms of capital. Specifically, it is the convertibility of our IBR into different forms of capital and the appropriation of such resources by individuals and firms that is central to our concept of the IBR.

According to Bourdieu (1986; 1993) there are four types of capital: economic, cultural, social and symbolic. Economic capital is money and anything that can be immediately converted into it. Property rights, for example, can be converted into money. Cultural capital refers to individuals' cultural knowledge and skills that are accumulated through formal and informal education. Cultural capital exists in three states: embodied, objectified, and institutionalized. Bourdieu believes one's ability to appreciate a work of art is an example of the embodied state of cultural capital. One's ownership of an art piece represents the objectified state of cultural capital. One's academic qualifications are an example of an institutionalized state of cultural capital. Cultural capital is predisposed to function as symbolic capital because its acquisition and transmission are not readily apparent.

Social capital refers to the set of one's networks or connections through personal relations and group membership. Bourdieu (1986: 51) defines social capital as "... the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a 'credential'." Hence, the more connections one has, the more social capital one accumulates. Bourdieu (1986) reasoned that connections facilitate access to other forms of capital. For example, a person's membership in a professional association gives him the chance to amass social capital by becoming acquainted with other members of the

association; through them, he may develop more business opportunities that can result in the generation of economic capital.

Symbolic capital refers to “resources available to a social actor on the basis of prestige or recognition, which function as an authoritative embodiment of cultural value” (“Symbolic Capital”). Like other forms of capital, symbolic capital can be converted into economic capital. Bourdieu (1993; 75) believes that symbolic capital should be understood as “economic or political capital that is disavowed, misrecognized and thereby recognized, hence legitimate, a ‘credit’ which, under certain conditions, and always in the long run, guarantees ‘economic’ profits.”

Bourdieu (1986) believes that economic capital is at the root of all other forms of capital because it enables the acquisition of the social, cultural, and symbolic forms. Moreover, he argues that all forms of capital can be converted back into economic capital. For example, individuals invest money into obtaining an education (cultural capital), which in turns gives them the qualifications and connections (social capital) to gain employment in exchange for salary (economic capital). Accordingly, we argue that the symbolic capital imbued in the IBR can be converted back into economic capital. For example, films that are nominated for or win an Oscar can use the symbolic capital of such nomination or prize to signal quality and boost the sale of its theater tickets and related merchandise like DVDs, VDO games, and T-shirts. Nobel laureate scientists can use their prestigious prize and reputation to find investors to fund their future research projects. Restaurants that are awarded Michelin Stars can charge higher prices for their food and attract many talented trainees and sous-chefs to work at their restaurants, thus furthering their ability to create novel menu and maintain high quality standards.

Based on these examples, we can see that there are a number of different ways in which the symbolic capital of an IBR confers intangible advantages that are convertible to economic capital to its holder firms and individuals. In our research, we have identified several convertible advantages of an IBR. Let us now examine each of them in detail.

### **3.3.1 The Advantages of the Institution-Based Resource**

#### **Signal of Quality**

At the simplest level, IBRs such as awards and prizes signal to stakeholders the worth and quality of the consecrated producers and products. As we have seen, consecration creates a great distinction between the “sacred” and the “profane” cultural producers and their products. The sacred producers and products are the ones in which the consecrating institutions attest to their qualities and deem them worthy of admiration. The profane producers, on the other hand, are deprived of any recognition and are eventually forgotten. Not only can an IBR differentiate its holders from their rivals, an IBR can also reduce competition for the sacred producers and their products. By signaling quality, an IBR helps to reduce the consumer’s uncertainty, due to information asymmetry, towards the sacred producers’ products compared to those of the profane producers. For instance, inexperience customers buying wine are often overwhelmed by the wide variety of wines to choose from. Customers therefore have to rely on price and other distinctive cues such as awards and medals as an indication of product quality. Customers are more likely to purchase award-winning wine brands because the award provides them with more information about the quality of that particular brand of wine and reduces their purchasing anxiety.

#### **Legitimacy, Credibility, and Continuity**

Next, an IBR signals the legitimacy of the sacred producers and their products to stakeholders. Legitimacy is a valuable resource to firms in many ways. Legitimacy increases the chances of a firm’s survival and enhances its credibility (Suchman, 1995). Constituents often view legitimate firms as trustworthy; hence they are willing to make initial and repeated transactions with them. For instance, consumers are willing to buy medicines from legitimate pharmaceutical companies with FDA approval because such approval reassures them that drugs made by these companies are safe to consume. Furthermore, Zimmerman and Zeitz (2002; 416-417) point out that “legitimacy helps motivate the investors by signaling that the organization is properly constituted; committed to the proper scripts, rules, norms, values, and models; able to use appropriate means; and pursuing acceptable ends—all of which signal that it is appropriate to invest in....” Hence, legitimate firms are able to attract investors who, in turn, provide it with the financial support necessary for the continuity of the firm’s operation.

### **Symbolic Capital**

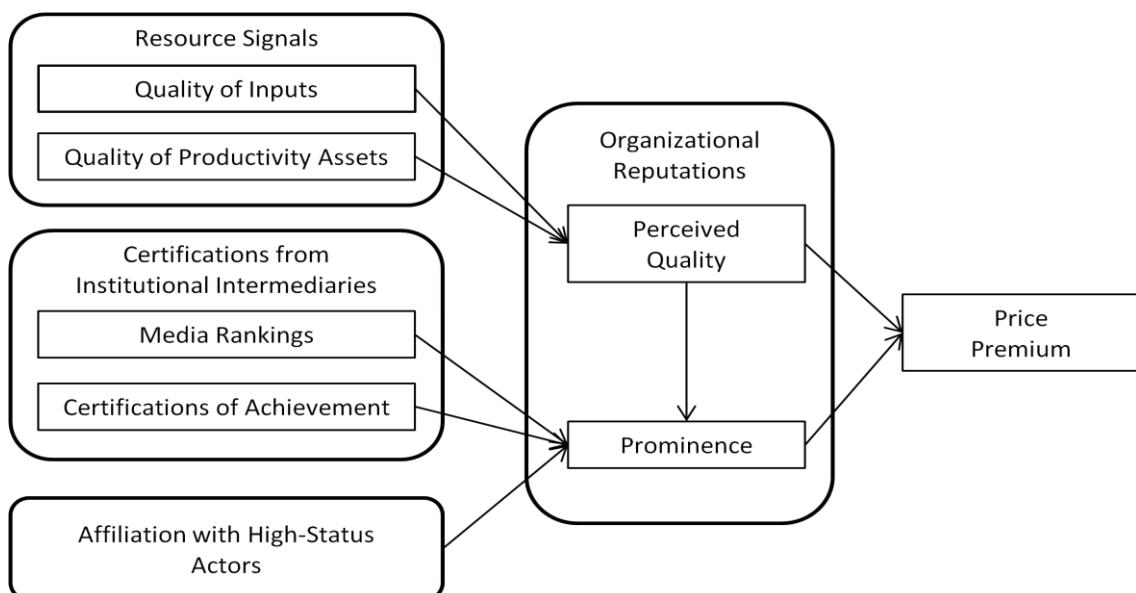
An IBR has symbolic capital, such as status and prestige that are advantageous to individuals and firms. Lampel and Bhalla (2007) explain that individuals and firms engage in status seeking activities, such as entering into competitions, giving free advices online, and participating in philanthropic work, in order to improve their positions relative to others, to gain economic and social advantages, and to fulfill their psychological and emotional needs. Individuals and firms can convert symbolic capital of an IBR into economic capital. For example, producers of wines that win a national competition are perceived as high-status wine producers and are, therefore, able to sell their award-winning wines at higher prices than producers whose wines did not win any awards.

A study on status-based competition by Podolny (1993) confirms that status is a valuable resource because it can influence people's perception of a firm. Status hierarchies organize producers into different positions within the market place and signal to consumers that firms produce products and/or services at different levels of quality according to their positions. High status producers are perceived to be producing high quality goods and services, while low status firms are seen as producing low quality products, even though, in reality, firms in different positions may not actually produce products and services according to their status positions. An IBR such as a wine medal is important to wine producers because it can help improve a producer's status by positively influencing the consumer's perception, and in turn, guarantee the premium price of their wine. Furthermore, Benjamin and Poldony (1999; 563) observe that firms that occupy high-status positions get greater benefits from subsequent high-status affiliations than their lower-status counterparts and therefore are more inclined to "...pay for subsequent high-status affiliations and to use them to advance their position in the larger status ordering."

Similar to status, prestige is a valuable resource because it can positively influence stakeholders' perception and make individuals and firms more attractive to them. Studies by Bedeian et al. (2010) and Sine et al. (2003) suggests that high-prestige producers are more likely than low-prestige producers to sell products/services of equal quality. Bedeian et al. (2010) found that PhD graduates from prestigious universities are more likely to obtain a post-graduate position than PhD graduates of similar qualifications from less prestigious

universities, and that their original doctoral degree prestige continue to be an important factor in their later career opportunities. Sine et al. (2003) found that the prestige of the university increases the rate of its technology licensing well beyond its past licensing performance. Sine et al. (2003) explain that prestige positively influences people's perception of firms and their products/services in four ways. First, prestige causes a 'halo effect' under the influence of which buyers transfer their positive perception of prestigious organizations to their products and thus increase the products' perceived value. Second, prestige increases the visibility of individuals and firms and their products/services and makes them more likely to be known to potential buyers. Third, prestige makes organizations more credible when making claims about their product quality. Fourth, prestige makes organizations attractive to stakeholders because transactions with such organizations increase stakeholders' own prestige. Based on the above studies, one can see that the symbolic capital endowed in the IBR can often be a decisive factor when employers and consumers are evaluating a producer's qualification and product/service quality and in making purchasing decisions.

### **Enhanced Reputation and Market Domination**



**Figure 3.2: Antecedent and Consequences of Reputation.**

Source: Rindova et al. (2005)

Fourth, an IBR helps to strengthen firm's reputation. Rindova et al. (2005) studied organizational reputation and how it affects firm's premium pricing of products/services, and

thus, its financial performance. In Figure 3.2, Rindova et al. (2005) suggested that an organization's reputation has two dimensions: perceived quality and prominence. The antecedents of perceived quality are resource signals like quality of input and productivity assets. The antecedents of prominence are affiliations with high status actors and certification from institutional intermediaries like celebrities and media companies. Rindova et al. (2005) found that the perceived quality has a significant and direct effect on prominence and that prominence contributes significantly to the price premium of a firm's products/services. Accordingly, we believe that a firm's accumulation of IBR affects both dimensions of its reputation and subsequently improves its overall reputation and allows it to charge premium prices for its products/services.

Furthermore, many studies on reputation indicate that it is a source of sustainable competitive advantage (Barney, 1991; Hall, 1992, Fombrun & Shanley, 1990) that can help firms achieve a dominant position in the market place (Shamsie, 2003). Reputation helps to differentiate dominant firms' products/services from those of lesser-known firms and is an effective barrier to imitation (Gemser & Wijnberg, 2001). Word of mouth and positive experience with the dominant firm's products and services lead consumers to purchase from the dominant firm and, therefore, allow dominant firms to overtake their competitors in the long term. Additionally, reputation underlies performance differences amongst firms and that the accumulation of intangible assets like reputation and legitimacy can extend the life chances of the firms (Rao, 1994).

### **Matthew Effect**

Finally, we theorize that the effects of the four previously mentioned advantages of an IBR will accumulate and result in a way that Merton (1968) described as the Matthew Effect. The Matthew Effect is a principle of accumulation of advantage that describes a winner-takes-all phenomenon. The Matthew Effects posits that the way the markets operate is that high-status producers often get greater recognition and rewards for performing the same tasks as low-status producers and that this pattern of operation continues in a virtuous cycle, giving greater and greater opportunities for high-status firms to acquire more recognition and rewards and lesser and lesser opportunities to low-status firms to do the same. Hence, the Matthew Effect presents a self-sustaining occurrence that further strengthens the barrier between the sacred and profane producers. As a result, the Matthew Effect gives the sacred producers the benefit

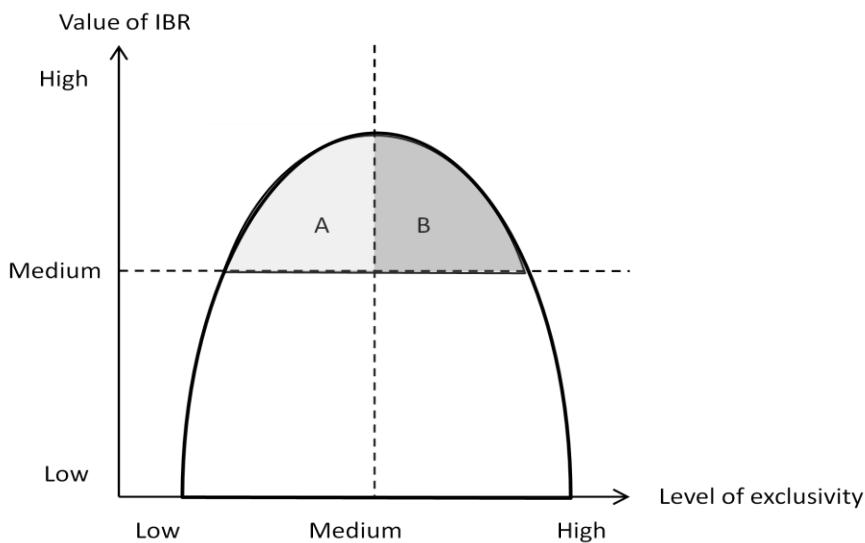
of increased stability, decreased competition, and escalating opportunities to amass symbolic capital and force out the profane producers from the competition.

### **The IBR as A Strategic Resource**

The institution-based resource is also a strategic resource as defined by Barney (1991) and the resource-based tradition. An IBR is a strategic resource because it is valuable, rare, durable, and hard to imitate or substitute. In the previous section, we demonstrated that the IBR is valuable because of the symbolic and economic advantages it brings to its holders. An IBR is a rare resource because there are only a limited number of legitimate and prestigious consecrating institutions that can consecrate an IBR within a given field. The IBR is a relatively durable resource in the sense that once the consecrating institution consecrates the IBR, that consecration is rarely, if ever, withdrawn. Finally, an IBR is a resource that is hard to imitate or substitute because no two consecrating institutions confer exactly the same IBR with the same amount of symbolic capital.

We want to emphasize that firms should take the IBR concept into account when devising their competitive strategy. We have identified the strategic advantages of an IBR for firms. We advocate that, when applicable, a firm should devise a strategy that focuses on accumulating and leveraging its IBR to gain sustainable competitive advantage over its rivals. Firms can obtain an IBR by exercising their capabilities as institutional entrepreneurs and investing their time, effort, and financial means in conforming minimally to and/or manipulating the institutional requirements that constrain their organization to their advantages. As we mentioned in Chapter 2, a firm must be flexible and innovative in the ways it conforms to institutional arrangements so that it can maintain its unique identity; and at the same time, reaps the benefits of its institutional membership. Additionally, firms should strive to be strategic in acquiring and/or keeping their IBRs. Firms should keep IBRs that fit with their business models and practices. In section 3.5, we explain why firms should acquire IBRs consecrated by important and prestigious consecrating institutions rather than from a consecrating institution that is in decline so that firms can profit from the symbolic advantage from their IBR over a long period of time and gain competitive advantage over their rivals.

### 3.3.2 Value Dilemma of an Institution-Based Resource



**Figure 3.3: The Value of the IBR as function of its Exclusivity**

We would like to draw our readers' attention to the value dilemma of our IBR concept and how it relates to a firm's strategy. We observe that the more exclusively a consecrating institution awards an IBR, the more valuable it becomes and the more people will want to acquire it; but, as more people acquire the same IBR, the less valuable it gets. Based on this observation, we reason that the value of an IBR depends on the level of exclusivity at which it is granted. When a consecrating institution grants an IBR to too many recipients, the IBR loses its exclusivity and the ability to make its holders unique, and therefore loses its value. When a consecrating institution grants an IBR to too few recipients, the IBR risks becoming irrelevant to stakeholders and worthless to its holders. Consequently, we can conclude that there is an inverted curvilinear relationship between the value of an IBR and its exclusivity, see Figure 3.3.

From Figure 3.3, we can see that the value of an IBR rises and falls as the level of exclusivity moves from low to high and that the value of an IBR peaks at a balanced level of exclusivity. Hence, it is important that a consecrating institution find the right level of exclusivity to optimize the symbolic value of its IBR. Based on Figure 3.3 above, the consecrating institution can either pursue a medium-low exclusivity and high-value strategy (area A) or a medium-high exclusivity and high-value strategy (area B) in conferring its IBR. We will use the Michelin and the Zagat restaurant guides as examples to illustrate our point.

The Michelin guide uses a high-exclusivity strategy to consecrate highly-valuable reputation for the restaurants it reviews. The Michelin guide sends out anonymous expert inspectors to evaluate restaurants. The use of experts surrounds Michelin guide with mystique as readers are not told who the experts are and why they have the requisite ability to judge. The readers' trust in the infallibility of the experts together with the assumption that they are thoroughly trained for their appointed tasks leads them to accept the experts' judgment as intrinsically superior to their own. Hence, the Michelin guide is able to make readers believe in its consecration of restaurants into five different tiers: three-stars, two-stars, one-star, mentioned without a star, and not mentioned. Restaurants that are rated one to three stars are considered to be amongst the very best restaurants in terms of quality and service in a particular city or country as the stars are rarely awarded. Restaurants that are mentioned on the guide but without any stars are still regarded as worthy of a visit, while those that are excluded from the list are, therefore, considered unworthy. By excluding many restaurants from its list, the Michelin guide is able to strongly enhance the reputation of the restaurants that it exclusively consecrates.

The Zagat guide, on the other hand, uses a low-exclusivity strategy. It allows thousands of internet users to rate the restaurants on a 30 point scale and then quantifies the response to produce a list of top ranking restaurants according to different features such as type of cuisine, décor, and price for major cities in the US and around the world. Although both guides generate a valuable reputation for the restaurants reviewed, the Michelin guide is generally regarded as a more prestigious recognition than the Zagat rating not only because it is more selective in consecrating restaurants but also because its experts have greater credibility and cultural legitimacy to judge restaurants on their food and service quality than the non-expert internet users that complete the Zagat's restaurant surveys.

Additionally, we want to point out that an IBR is not simply an accreditation by a prestigious institution, although certification can play a significant part in creating the symbolic value of an IBR. Accreditation is a process that grants recognition to all qualified contenders. An IBR emerges from a cultural consecration process in which only a selected few of the qualified contenders are recognized as better than the rest. The difference between these two processes is crucial to the understanding of the symbolic value of the IBR. A good example

which illustrates this distinction is a university degree, which is both an accreditation and an IBR. A university degree is a form of accreditation because all students that pass their exams receive certificates for their achievements. A university degree becomes an IBR when it can establish a distinction between one student and another; a student with a degree from Harvard University is perceived to be a better job-candidate than one that is from a lesser well-known university. Consequently, we can conclude that some accreditations are IBRs but not all IBR are accreditations.

### **3.4 What Erodes the Value of Institution-Based Resource?**

The value of an IBR is inherently tied to its consecrating institution. Hence, when the consecrating institution is threatened or ceases to exist, the value and significance of the IBR it consecrated will gradually diminish, if not disappear immediately. In our research, we are able to identify four factors that may erode the value of the IBR.

First, there may be competing consecrating institutions that threaten the legitimacy of the existing consecrating institution and lessen the significance of its IBR. For example, in the film industry, there was once only a handful of consecrating institutions, such as the Academy Awards and the Cannes and Sundance film festivals. Films that won awards from these institutions were hailed as among the best ever made. Nowadays, there are many more film festivals from cities around the world and these festivals are cannibalizing each other to the extent that the awards that each consecrates do not convey much value.

Second, there may be external changes, such as in the social, technological, and environmental spheres, which decrease the demand for or popularity of certain products/services and the value of their corresponding IBR. For example, in the fine dining or haute cuisine industry, there is a change in consumer's attitudes towards dining out, which threatens the livelihood of the Michelin Star restaurants. Many people now view fine dining as something from a 'bygone age' that is too serious and boring (Boxell, 2011). They would rather go to a restaurant that has a more relaxed and lively atmosphere. Furthermore, there are many alternatives for dining out. For instance, restaurants owned by celebrity chefs like Jamie Oliver without any Michelin Stars can offer good quality food and service in a more comfortable atmosphere and at less expensive prices. Over time, the change in consumers' attitudes coupled with competing

alternative restaurants can diminish the symbolic value of the Michelin star that is an IBR and reduce the size of the fine dining industry.

Another example of external changes that have detrimental effects on businesses and their IBRs can be observed in the high fashion or haute couture industry. The modern lifestyle has made it impractical and unaffordable for most women to buy and wear haute couture clothing. Women now wear simpler clothing and no longer need to buy exquisite ball gowns because there are very few occasions to wear them. In addition, the invention of the sewing machine changed the way clothes are made and sold. Sewing machines facilitate mass production of garments, which makes clothes faster and less expensively than tailors and offers a wider variety of styles to choose from. Most women, therefore, buy readymade clothes off the shelf as opposed to getting them handmade and custom fit by tailors. As a result of these external changes, the haute couture industry has rapidly declined, nearing the point of extinction, and along with it, the symbolic value of the role of couturier that is an IBR for fashion designers.

Third, the value of an IBR may erode as its consecrating institution enters a stage of decline due to 1) a weakening support from its current members, 2) an inability to attract new members to the institution, and/or 3) an unfair or unclear process of consecration. The French haute couture association is a good example of a consecrating institution in decline. Once a prominent industry, haute couture suffers from changes in social and lifestyle trends which, in turn, leads to the decline of the haute couture industry and a shrinking membership in its association. Although the current members of the association are highly dedicated, there are increasingly fewer couturiers and couture clients left to sustain the industry such that many experts have predicted the end of this extravagant industry. Furthermore, the association has difficulties recruiting new members due to the high costs they have to incur to open an atelier in Paris and meeting the association's other strict requirements. Additionally, the association is rather ambiguous about the criteria which it uses to admit new members, which discourages many new designers from applying for membership. There is no guarantee for designers that they will gain membership after investing considerable time and financial resources into a two-year period of try-outs. It is also difficult to observe any "objective difference" between designers who are selected as members and those who are not. New designers are voted in or out by existing members who may already have connections with the new designers or are

motivated to keep certain new designers out of the association or to limit the number of members so as to maintain their own power and influence inside the association.

Finally, the value of the IBR may deteriorate as its consecrating institutions cease to exist, either naturally or by force. A striking example is the French monarchy which used to confer recognition in the form of royal warrants. When the monarchy was abolished during the French revolution, the warrants from the French monarchs were rendered irrelevant.

### **3.4.1 How to Prevent an IBR from Losing its Value?**

It is in the interest of both the consecrating institutions and the consecrated individuals and firms to preserve the value of their IBR. The consecrating institution can preserve the value of its IBR through maintenance of its institution: taking necessary actions to uphold its legitimacy and consistently maintaining high standards of consecration over time. The consecrating institution should pay particular attention to individuals and firms it chooses to consecrate. It should select the object of its consecration fairly and cautiously as consecration of an unworthy candidate can damage its legitimacy and reputation as a consecrating institution and, hence, the value of its IBR. Controversies related to the Nobel Peace Prize exemplify how consecrating the “unworthy” can damage the reputation of the consecrating institution and the value of its IBR. Over the years the Nobel Foundation has awarded its Peace Prize to many individuals whose contributions to world peace are questionable (Phillips, 2011). For example, there are many controversies regarding the Nobel Peace Prize that was awarded to Cordell Hull in 1945, Henry Kissinger in 1973, and Yasser Arafat in 1994 as their political involvement resulted in more violence and bloodshed than peace. More recently, in 2009 the Nobel Peace Prize was awarded US President Barack Obama just eight months after he took office. Many people feel the award came too early, before the President had made any concrete achievements (Reynolds, 2009). Most recently, the 2012 Nobel Peace Prize was ‘depersonalized’ and given to the European Union at the time when its debt crisis and economic policies have lead to much social unrest in many member states and threaten to break up this peaceful union as a whole (Faiola & Birnbaum, 2012). Consequently, the credibility and symbolic value of the Nobel Peace Prize have begun to weaken as many people criticize it for being politically motivated and unjust.

Furthermore, the consecrating institution should also be careful not to become too exclusive as an institution. Exclusivity can place great constraints on the institution and its members, limiting the ability to grow their membership base and making it difficult for them to adopt new practices that could help them maneuver through the face of change. Additionally, the consecrating institution should keep up with the constant changes in its surroundings so that the IBR it consecrated remains relevant throughout the years. This means that the consecrating institution must learn to be innovative, flexible, and adaptive to changes and new environments.

The consecrated individuals and firms can help preserve the value of their IBR by trying to maintain the standards that allow them to be consecrated and given IBRs in the first place. Firms that can consistently uphold their standards of quality and practice reflect well on the consecrating institution's ability to select recipients worthy of recognition, subsequently strengthening the legitimacy of the consecrating institution and the value of its IBR, in the present and into the future.

### **3.5 Conclusion**

In conclusion, we have constructed our concept of the IBR by combining Bourdieu's concept of cultural consecration and symbolic capital with the resource-based theory of strategic resource and with the institutional theory of organizational behaviors in the context of their environment. We have defined our IBR as a valuable and symbolic resource that is consecrated by institutions and granted to individuals or firms based on each institution's merit system. We pointed out that an IBR can take many different forms and that there can be many consecrating institutions in any given field of cultural production.

We have also outlined and discussed the three premises of our concept of IBR. The first premise of our IBR concept is that only a legitimate consecrating institution can consecrate a valuable and meaningful IBR. A consecrating institution is empowered to consecrate individuals and firms with an IBR when it possesses organizational and cultural legitimacy and has accumulated a considerable amount of symbolic capital. The second premise is that individuals and firms must merit the IBR by going through a rigorous process outlined by the consecrating institutions. The process that the consecrating institution uses to select

candidates for consecration must meet the four prerequisites outlined by Allen & Parsons (2006) in order for the public at large to view the consecration as fair and legitimate. In our third premise, we argue that the IBR is a valuable and strategic resource because it is rare, valuable, durable, and hard to imitate. The symbolic value of an IBR is advantageous to firms because it can 1) signal quality, 2) establish legitimacy, 3) lend symbolic capital, 4) enhance reputation, and 5) multiply all these advantages into a self-sustaining Matthew Effect. These symbolic advantages can help firms gain competitive advantage over their rivals. Most importantly, firms can convert the symbolic value of an IBR into economic capital.

We also discussed the dilemma of the IBR and pointed out how an IBR is more than just an accreditation. Furthermore, we identified and discussed four major factors that can erode the values of an IBR. We outlined how consecrating institutions and the consecrated individuals and firms can preserve the value of their IBRs. Additionally, we highlighted that firms need to take the IBR into account when devising strategies and structuring capabilities to manage and/or acquire IBRs so that they can use it to gain competitive advantage over their rivals. In the next chapters, we will examine our concept of the IBR in different settings and discuss our findings.

## **CHAPTER 4: THE ROLES OF COUTURIER AND CREATOR AS AN IBR**

### **4.1 Introduction**

The fashion industry provides an interesting context in which to explore our concept of institution-based resource (IBR). We observed that there is a considerable difference in the prestige and status of fashion designers and fashion houses within the fashion industry.

Designers that regularly participated in the fashion weeks in Paris, Milan, London, and New York are highly respected for their skills and talents and their names often become globally recognized brands. They are able to sell their products at higher prices and receive a disproportionate amount of press coverage and approbation relative to those designers that are not part of the established Western fashion system.

In this chapter, we will conduct an exploratory research to learn how the symbolic roles of couturier and creator are created and how these roles become valuable IBR for fashion designers. We will begin the chapter with a detailed overview of the fashion industry in order to familiarize the reader with its complex dynamics. We will then examine “the Federation,” an authoritative French professional institution that is responsible for consecrating symbolic roles of couturiers and creators for fashion designers and diffusing its value system upon the global fashion industry. We will also discuss how ‘fashion weeks’ are field configuring events that generate symbolic capital for fashion field players and at the same time serve as institutional maintenance mechanisms for the Federation and the fashion industry. We then present our exploratory findings and conclude the chapter with a discussion of how the symbolic values of couturier and creator roles can be maintained over time.

### **4.2 The Fashion Industry Overview**

In this section, we provide an overview of the fashion industry to help our readers to develop a deeper understanding of the complexity of an industry that is in pursuit of both art and commerce.

Some people consider fashion as art because it involves the creative thinking process and is an expression of ideas. Many have argued that fashion designers are artists whose medium of artistic expression is fabric. Fashion is a commercial product in the sense that it is a product

seasonally manufactured to be sold for a profit. The fashion industry is made up of many interrelated players whose mutual interest in art and commerce encourages them to cooperate and create symbolically meaningful products for sale. The production and consumption of fashionable products like clothing and accessories involve a great number of people from around the world, be they cotton picker in Africa, garment makers in China, journalists and magazine editors in New York, designers in Paris or consumers in Europe. In fact, this seemingly trivial industry has made a significant contribution to the world's economy, amounting to almost four percent of the world's trade (Welters and Lillethun, 2007).

#### **4.2.1 Origin and Definition**

Fashion is a global phenomenon but has a European origin. The global fashion industry has historically been dominated by Western countries and cultures, namely France, Italy, England, and United States. Western fashion and culture have powerfully influenced and changed the way people dress across the globe. Today, many people in Asia, Africa, and parts of the Middle East, have already traded their traditional costumes for Western clothing like suits, ties, skirts, and dresses.

Fashion is defined as "a changing styles of dress and appearance that are adopted by a group of people at any given time and place" (Welters and Lillethun, 2007; xviii). Traditionally, the upper class aristocratic society of the West has been associated with the creation and wearing of fashionable clothing. Customarily, when the upper class will adopt a style of dressing, it caused a trickled-down effect (Simmel, 1957) as their elite styles were emulated by the masses. Once the styles of the upper class are adopted by the lower class (the bandwagon effect), the upper class will abandon that style and seek a new one in order to symbolically maintain their social distinction (the snob effect). This pattern of behavior has led sociologists like Veblen (1899) to conceive of fashion as a kind of conspicuous consumption, in which people consume to display wealth and social status. Bourdieu (1984) argued that fashion is used as a code to distinguish and to integrate at the same time. Bourdieu points out that people adopt certain styles of dress in order to symbolically display their membership in a particular group or social class; while by implication, disassociating themselves from other groups or social classes. Furthermore, fashion is used to signal identity. Welters and Lillethun (2007) explain that

appearance is part of identity and that individuals manage their appearance by choosing to dress in certain fashions in order to present themselves to others.

As the fashion industry progresses through time, it begins to democratize. The diffusion of fashion is no longer only a trickled-down process (Crane, 1999). Styles from non-elite groups, such as hip-hop and punk, can ‘trickled-up’ and be adopted by the elite. Fashion also became more affordable due to technological inventions, improved communication and transportation systems, and extensive distribution networks such as sewing machines, camera and photography, television, roads and railways, and an increasing number of retail stores. Today, fashion surrounds us in every aspect of our daily life and becomes an integral part of Modernity.

#### **4.2.2 A Cultural Product with Symbolic Meaning**

Fashion is a cultural goods imbued with symbolic meaning. A cultural goods is defined as “non material’ goods directed at a public of consumers for whom they generally serve as an aesthetic or expressive, rather than clearly utilitarian function” (Hirsch, 1972; 642). Fashion and clothing are not the same even though they are closely related concepts. Clothing is the material part of a garment that fulfills utilitarian functions. Fashion, on the other hand, is the immaterial part of the garment that is infused with symbolic meaning and often used to visually and symbolically express the wearer’s identity and status. The production of clothing involves skilled labors sewing together pieces of fabric: whereas, the production of fashion deals with transforming cultural codes into symbolically marketable products.

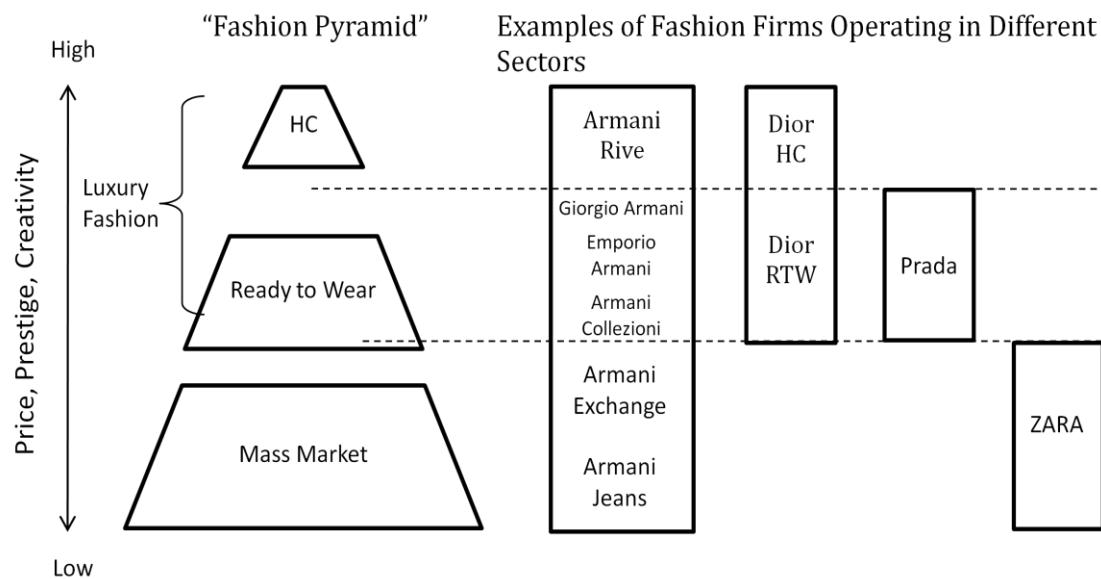
People consume fashionable clothing mainly for its aesthetic and symbolic functions rather than for its utilitarian function. As previously discussed, people choose to dress in certain styles to visually represent themselves and to symbolically indicate the social class to which they belong. Kawamura (2004; 1) argues that the symbolic meaning and value of fashion is “...institutionally constructed and culturally diffused.” She points out that the West, namely France, has institutionalized a powerful fashion system that is responsible for converting items of clothing into symbolically meaningful objects and successfully diffusing Western’s concept of fashion on other cities and countries around the world.

Fashion is a part of a rapidly growing cultural industry. The cultural industry is defined as “systems of production, distribution, and marketing that deliver symbolic products to consumers, where each cultural industry is made up of firms that specialize in the production, distribution, and marketing of specific cultural products, and is sustained by consumer demand for these products” (Lampel et al., 2006; 6). Fashion is one of many highly developed cultural industries. There are many specialized firms within the fashion industry to fulfill the production, distribution, and marketing needs of fashionable products. For examples, there are garment manufacturing firms in China, fashion design companies in Europe, extensive retail chains in the US, large international fashion magazine publishing houses, and even a fashion TV channel, all of which help to support the industry and to promote the consumption of fashion. Peterson & Anand (2004; 311) advocate that the production of cultural goods and their symbolic elements is affected by “...the systems within which they are created, distributed, evaluated, taught, and preserved.” They point out that the changes in technology, law and regulation, industry structure, organizational structure, occupational careers, and market which forms the six-facets of cultural production can significantly influence the development of a cultural industry. In the coming section, we will discover how the changes in one or more of these facets affect the fashion industry (see also Crane, 1997).

Fashion also shares a common problem with other cultural products. Like films, music, and books, the cultural and economic value of fashion is difficult to assess and price. The difficulty in valuing cultural products has lead many cultural industries to use cultural consecration processes like contests and award ceremonies to assess and rank cultural producers and their products based on multiple criteria. The aftermath of consecration is a symbolic distinction between the consecrated producers who are now regarded as the legitimate producers of cultural products and the unconsecrated producers whose cultural products are unworthy of admiration. In the luxury fashion industry, designers are culturally consecrated as couturiers and creators. They are celebrated and respected for their creative abilities to design fashionable products. The products designed by the consecrated fashion designers are often sold at higher prices relative to those made by the unconsecrated producers. Most interestingly, many products that are made by couturiers and creators are considered to be culturally significant and are collected and preserved in many prestigious art museums (see chapter 5).

#### 4.2.3 Fashion Industry Structure

Today, the fashion industry has a pyramid structure and is organized into three hierarchical levels: haute couture, ready to wear, and mass production (see Figure 4.1). The differences among the levels of fashion are based on the manufacturing technique employed, the status distinction assigned to the fashion designers at each level, and the symbolic meaning of fashion produced by each level. As a general rule, the higher the level, the more superior is the production technique, the greater is the status of the fashion designers, and the more symbolic is the fashion produced and vice versa. We will discuss each level in details as follows.



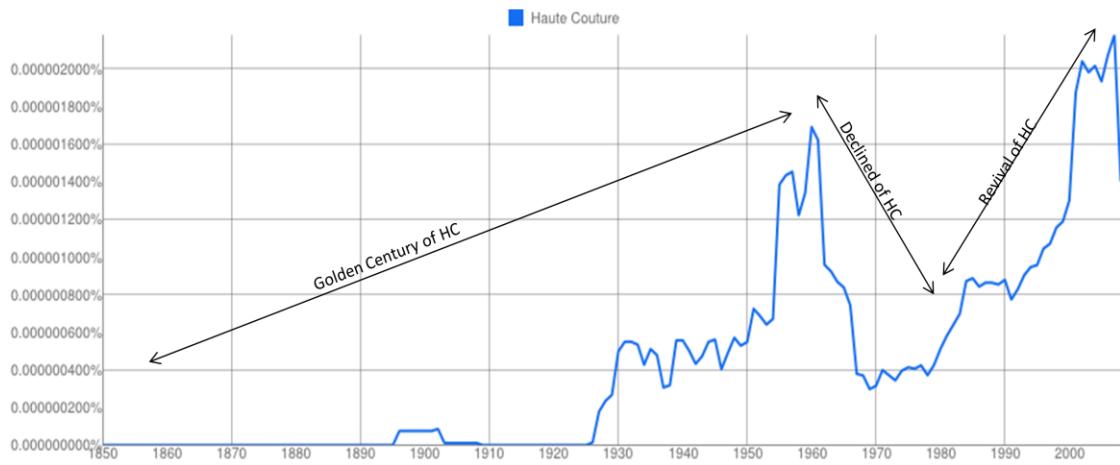
**Figure 4.1: The Fashion Pyramid and Examples of Firms in Different Sectors of the Pyramid**

#### Haute Couture (HC)

Haute couture occupies the top level of the fashion pyramid. It symbolizes the epitome of luxury. Haute couture garments are known for their innovation and creativity, sumptuous fabrics, custom-made precision, exquisite craftsmanship, and skyrocketing prices. The production of this exquisite clothing is in-house and by hand. For these reasons, a haute couture garment is often considered to be more of a work of art than a mere commercial product. Consequently, the status of the couturiers, the designers of haute couture, is elevated from simple clothes maker to that of respected artist. The couturier comes to be regarded as the most elite and prestigious of all fashion designers.

Haute couture as an industry had its beginnings in 1858 when Charles Frederick Worth opened his atelier in Paris, France (Breward, 2003). Worth is accredited as the father of haute couture. He was the first to design a full collection of outfits for every occasion and present them as models of choice for his clients. The main clients of haute couture fashions houses such as Worth are the European royalties and rich aristocratic society ladies who needed extravagant gowns for their social gatherings and have the financial means to pay for them. From 1860-1960, haute couture was synonymous with the fashion industry. During this golden century, Paris led the world as the fashion capital; it was and continues to be home to many famous haute couture houses like Poiret, Dior, Chanel and Schiaparelli. The couture houses also grew their businesses by expanding products lines into perfume, cosmetics, and leather goods accessories and exporting models of their expensive dresses to retailers in countries like the United States, Japan, and Latin Americas. These retailers purchased couture models so that they could be mass produced and sold at cheaper prices in their local markets (Waddell, 2004; Welters & Lillethun, 2007).

However, Waddell (2004) points out that the popularity of haute couture rapidly declined in the 1960's due to changes in consumers' tastes and lifestyles, industrialization, and modernization. Youth fashion, "the swing sixties," the "mod," and the perception that "couture is for grannies" have taken a heavy blow on the couture sector such that many couture houses had to close down (Steele, 1999; Waddell, 2004). It was not until the 1980's and 1990's that the concept of "power dressing" revived women's demand for impeccably tailored couture garments (see figure 4.2). Despite the resurgence in demand, the haute couture sector never regained its former glory. Today, it is the smallest sector within the fashion industry with fewer than 2000 patrons remaining (Steele, 1999). Most luxury fashion companies do not make an economic profit from their haute couture collections but keep the unit running as usual in order to maintain their elite and innovative image, to generate good publicity, and to advertise for their more lucrative ready to wear, accessory, and cosmetic product lines.



**Figure 4.2: Evolution of ‘Haute Couture’ in terms of the Number of Books Published in English from 1900-2008.**

Source: Google Ngram

### Ready to Wear (RTW)

The ready to wear (RTW) sector sits in between the haute couture and the mass market sectors. Fashion designers and firms operating in this sector regularly stage fashion shows and are design and quality focused. The production of clothing by these ready to wear firms is usually limited to a few trusted manufacturers and suppliers. Fashion designers who design ready to wear collections are entitled ‘creators’ and are also considered to be elite designers (Kawamura, 2004).

Since the 1970’s, the ready to wear sector has overtaken the haute couture sector to dominate the luxury segment of the fashion market (Waddell, 2004; Breward, 2003). There were many factors that contributed to the triumphant rise of the RTW sector. After WWII, the demand for haute couture clothing declined significantly due to many changes in the industry environment and competitive dynamics. Lifestyle change coupled with technological inventions such as more sophisticated sewing machines revolutionized the fashion industry and the way people shop for clothes. The sewing machines permitted manufacturers to make clothes faster, cheaper, and in many different sizes and styles. People could browse and buy these inexpensive ready-made clothes and wear them immediately as opposed to going through the lengthy process of ordering expensive couture garments, attending a few fittings at the tailor shop, and waiting for the finished products to arrive a few months later. The convenience and

lower prices of ready to wear garments thus make it a very successful new business. The United States and Italy are among the first two countries to embrace ready to wear fashion. Examples of highly successful ready to wear fashion firms are Ralph Lauren and Giorgio Armani.

### **Mass Market (MM)**

At the bottom of the pyramid, we have the mass market sector. In this segment, there are not a lot of creative design activities. The designers for mass market fashion companies are usually unknown and considered to be non-elite designers. Most of the designs of mass market fashion are copied from the haute couture and the ready to wear fashion firms. Competition in this sector is mainly on price. Most clothing sold by mass market fashion firms are cheaply made and often of lower quality than those in the luxury sectors. Examples of mass market fashion firms are Zara, H&M, and Top Shop.

#### **4.2.4 Fashion Trends, Shows, and Calendar**

Fashion trends used to be developed and adopted over a fairly long period of time. Clothing of different time periods reflects the culture and social norms of each different era. However, fashion trends today have a life cycle of less than 4-6 months. The rapid change in fashion trends is facilitated by new technological developments like the internet and mass communication media that help spread fashion trends instantaneously from European catwalks to consumers around the globe. The changing fashion trends usually mirror the rapid changes in consumers' lifestyles, culture, and preferences. As a result, fashion houses are under increasing pressure to constantly produce new designs.

Accordingly, designers stage fashion shows at least twice a year to introduce the new styles of the season and hope that they are adopted (Cillo and Verona, 2008). Some styles, called fads, are short-lived. Other styles live on, so they are called 'classic.' The fashion calendar is a clear testimony to the rapid pace in which the fashion industry operates. The fashion calendar is always one season ahead of the current time of year. Fashion houses always show their spring/summer collection in September and their autumn/winter collection during the spring of the following year. The fashion calendar is organized in this way so that buyers can place and receive their orders just in time to sell them in the coming season. Furthermore, the world's major fashion capital cities like Paris, Milan, London and New York have coordinated their fashion week schedules so that they run consecutively one after the other to give fashion

buyers, editors, and journalists the opportunity to attend them all. Being listed on these major fashion week schedules is very important to the fashion houses and its designers because it gives them the opportunity to gain much needed local and international publicity and to establish contacts with the industry's most important gatekeepers.

#### **4.2.5 Gatekeepers in the Fashion Industry**

There are many gatekeepers within the field of fashion. Getting through the gatekeepers is crucial for the success of the fashion designer and his/her fashion houses, locally and internationally. Significant gatekeepers in the fashion industry are publicists, retail buyers, fashion magazine editors and fashion journalists. Publicists link the fashion designers and his/her business customers and fashion critics. Publicists are especially important for designers in launching their career successfully. Through the publicists' network, designers can get key players of the fashion industry to attend their catwalk shows, gain visibility and press coverage, and eventually orders from retail stores. Retail buyers are significant gatekeepers because they control the designer's access to consumers. They are responsible for selecting designers' work to sell in a limited shop floor space. Because there are many designers to choose from and very limited retail space, buyers are powerful industry players. Without the retail stores, it is difficult for fashion designers to reach and sell their creations to consumers. Fashion editors and journalists are very powerful gatekeepers because they are the ones producing and disseminating information about the designer, his creation, and his fashion house. Hirsch (1972; 649) points out that "the diffusion of particular fads and fashion is either blocked or facilitated..." by the mass media. Lampel and Shamsie (2000) would argue that information providers and gatekeepers like the fashion magazine editors facilitate the diffusion of fashion and generate sales momentum for the designers and fashion houses. Their editorial content can influence public opinion negatively or positively towards the designers and the fashion firms. Many fashion editors have been credited for helping designers launch successful careers. For example, Phillip Treacy's and Alexander McQueen's careers thrive rapidly due to the support of a highly influential magazine editor, Isabella Blow. Hence, both emerging talent and established designers try to build good relationships with editors and journalists and compete intensely for editorial content.

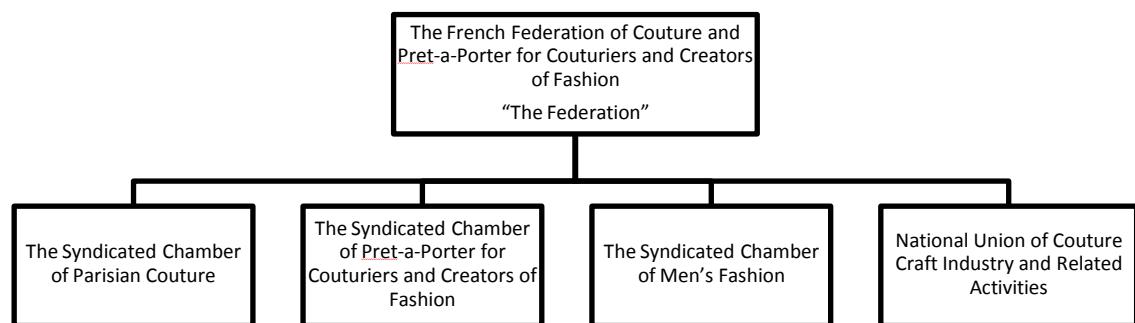
Thus far, we have provided a brief overview of the complex world of luxury fashion and its major industry players. We have explained the meaning and origin of fashion, described the pyramid structure of the industry in details, showed how fashion trends and the calendar are related, and discussed why gatekeepers are important to the success of fashion designers and their houses. In the next section, we will study “the Federation,” a powerful professional institution that acts not only as a gatekeeper but also as a regulator of the luxury fashion industry.

## 4.3 Theoretical Overview

In this section, we will examine the French Federation of Couture and Pret-a-Porter for Couturiers and Creators of Fashion (known as “the Federation”), a dominant professional institution that is responsible for structuring and regulating the French fashion industry. We will begin with a short history of the institution, its duties, and its rules. We then point out how the Federation is a significant consecrating institution in the field of luxury fashion. We will then explain how the roles of couturier and creators consecrated by this prestigious institution are valuable IBRs to fashion designers. We further point out that fashion weeks are consecration rituals and field configuring events that allow field members to cultivate symbolic capital and at the same time replicate the field of luxury fashion.

### 4.3.1 “The Federation”: History, Purpose, and Membership Rules

The French Federation of Couture and Pret-A-Porter for Couturiers and Creators of Fashion, commonly known as “the Federation,” was incorporated in 1973 and is one of the most powerful fashion organizations in the world. It was established to provide support for designers and firms within the French fashion industry and to promote French fashion and luxury products to the rest of the world. The main responsibilities of the Federation are to organize the seasonal Paris Fashion Weeks which takes place six times per year; to govern a fashion school called Ecole de la Chambre Syndicale de la Couture Parisienne that was opened in 1927 in response to the need for more designers and skilled craftsmen/women to support the industry; to nurture new talents and provide financial support; and to assist its members in dealing with piracy issues with legal and financial advice (“Federation”).



**Figure 4.3: The Federation Organizational Structure.** Source: [www.modeaparis.com](http://www.modeaparis.com)

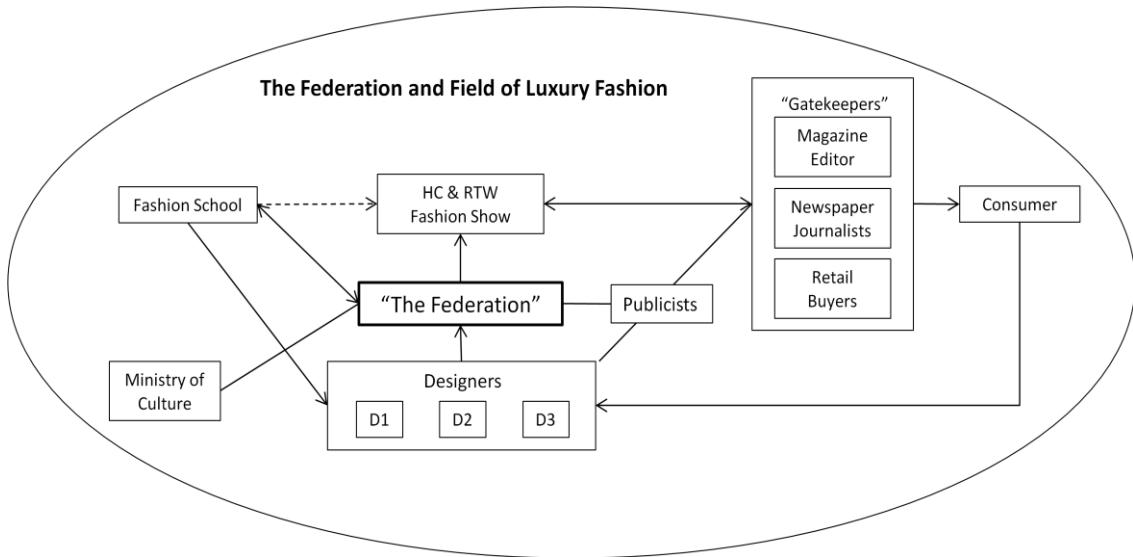
The Federation is made up of three trade associations and one trade union: The Syndicated Chamber of Parisian Couture, The Syndicated Chamber of Pret-a-Porter for Couturiers and Creators of Fashion, The Syndicated Chamber of Men's Fashion, and the National Union of Couture Craft Industry and Related Activities (see Figure 4.3). Of the four member associations, the Syndicated Chamber of Parisian Couture is the oldest and most elite. It was created in 1911 in order to distinguish haute couture designers from ready to wear designers (Kawamura, 2004). It is one of the most important gatekeepers in the luxury fashion industry. It has developed and implemented strict rules and procedures to regulate the number and quality of its members and, thus, control the French luxury fashion industry (Djelic and Ainamo, 1999). Designers and fashion houses that wish to become couturiers or established couture houses must go through two-step process set by the Federation. The first step is the demonstration of technical mastery by the incumbent fashion designers and fashion houses. The second step involves a peer selection process wherein existing members choose to accept or reject the incumbent as a permanent member.

Procedurally, an incumbent fashion designer is invited to join the Federation as an invited (temporary) member for two years. During the two year period, he/she should demonstrate his/her technical capabilities by designing a minimum of 35 outfits per show as well as employing at least 15 workers in his/her atelier in Paris. After the designer has completed his/her two years as an invited member, he/she may be voted in as a permanent member by the existing members. For a fashion house to become an haute couture house, it will have to meet the following standards: 1) employ at least 20 full time workers in its own workshop or atelier, 2) show its collections in Paris twice a year, and 3) present a collection of 50 day and evening wear outfits. Individuals and firms that are able to meet these requirements may gain membership to the association and will have the legal right to use the title of '*'couturier'*' and '*'haute couture'*' that has been granted by the French Ministry of Industry and protected by French laws since 1945. Originally, only French designers were admitted as permanent and associated members. However, the association relaxed this rule in 1977 and now accepts foreign designers as members. For the list of current members of the Federation, see Appendix 1.

The Syndicated Chamber of Pret-A-Porter for Couturier and Creator of Fashion and the Syndicated Chamber of Men's Fashion were both created in 1973. Like the couturiers, fashion designers who are members of these two associations are also regarded as elite designers but are referred to as '*creators*' to maintain a distinction between the two groups. Unlike the couturiers who can design for both haute couture and ready to wear collections, the creators are only allowed to design ready to wear collections for women and men. The fashion designers who are not members of the Federation are called '*stylists*.' They can be designers for the mass market apparel companies or self-employed tailors and dressmakers. The stylists are considered to be the non-elite designers whose names are never made known to the wider public. Lastly, we have the National Union of Couture Craft Industry and Related Activities that is the newest and youngest member association of the Federation. It joined the Federation in 1975 as a corresponding member. This union is made up of couture craftsmen and dressmakers, and its mission is to protect the rights and promote the welfare of its members.

Although the Federation is small in size, it has made a significant impact on the luxury fashion industry in France and that of the rest of the world. The Federation has successfully promoted French fashion and luxury products to customers worldwide. It has implemented a hierarchical pyramid structure within the fashion industry which most other countries adopted and followed. Waddell (2004) indicates that the Federation has also become a model institution after which many other similar professional institutions were later formed: The Council of Fashion Designers of America (USA), The Incorporated Society of London Fashion Designers (UK) and The Camera Nazionale della Moda Italiana (Italy). In the next section, we will examine how the Federation became the premier consecrating institution in the field of fashion and how it elevated the status of fashion designers into prestigious couturier and creators.

### 4.3.2 The Federation as Consecrating Institution



**Figure 4.4: The Federation and its Relationship with Fashion Industry Players**

We have observed that the Federation is the premier consecrating institution in the luxury fashion industry. Presently, the Federation occupies a central position within the French luxury fashion field (see figure 4.4). It is a powerful institution with strong connections to all the significant industry players. Fashion designers who want to attain international recognition often have to go through the Federation first before they meet other powerful gatekeepers of the industry.

Furthermore, we believe that the Federation's long-standing history, its rich heritage, and its world-renowned members from the past to the present have made the Federation a culturally legitimate consecrating institution. Historically, the Federation developed from a professional organization that was founded over a century ago by Charles F. Worth, the father of haute couture himself (Kawamura, 2004). It is a French institution consisting mostly of famous Parisian couturiers and creators, and is based in Paris, one of the world's oldest and finest fashion capital cities. Steele (1999) advocates that although London, New York, and Milan are significant fashion capital cities, Paris remains "the first among equals" in its place as the epicenter of fashion research and development. Steele (1999) believes that the strength of Paris as the fashion headquarters lies in its centuries of accumulated expertise and prestige; the sophistication of Parisian fashion culture; and the strong structure of the French fashion

industry that is able to continuously attract fresh talent, local and foreign, and to the successfully established Paris as the hub of the communication of international fashion.

We reason that, similar to the Nobel Prize, it is the glory and success of the preceding members that consecrates the newcomers of the Federation. We posit that the collective consecration between the preceding members and the newcomers strengthens the power of the Federation as a consecrating institution and simultaneously preserves the symbolic value that it has created for fashion designers over the years. Furthermore, we believe that this collective consecration produces a virtuous cycle, strengthening the position of the consecrating institution and the symbolic values it creates for its members from one cycle to the next. We observed similar phenomena in the cases of the Nobel Prize and the Academy Awards where collective consecration between the preceding winners and the new winners helps to reinforce the dominant position and credibility of their consecrating institutions and to consistently maintain the value of the awards given over time. We think that it is the continual existence of the Federation as a consecrating institution and the enduring value and significance it creates for the fashion designers which allows the Federation to become the "...central institution and value system for designers" (Kawamura, 2004; 37).

The Federation creates a value system for the fashion industry by culturally consecrating producers of fashion into three hierarchical roles: *couturier*, *creator*, and *stylist*. It confers high status and prestigious recognition to couturiers and creators, that are members of its institution, and by implication, denies the non-member stylists these same symbolic advantages. Bourdieu (1984) and Allen & Lincoln (2004) point out that cultural consecration creates a discrete distinction between the 'sacred' or consecrated cultural producers that are deemed worthy of respect and the 'profane' or unconsecrated producers that are deemed not worthy of veneration. As a result, the 'sacred' fashion designers often experience higher status recognition and encounter less competition as the 'profane' producers are no longer considered to be at the same level of competition.

The Federation consecrates fashion designers during the Paris fashion weeks which it organizes six times a year.<sup>1</sup> During the fashion weeks, the symbolic value of couturier and creator roles becomes most discernible to the public and other field members and is most useful to the consecrated designers. Since the fashion week is a members-only event, the roles signal the designers' membership to the Federation, an elite group of fashion designers, and allow them to participate in this highly publicized event. Moreover, the roles bring additional symbolic advantages to the consecrated designers such as legitimacy, high status, and good reputation. For these reasons, we believe that the roles consecrated by the Federation are IBRs. In the next section, we will examine this point in detail.

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<sup>1</sup> The six fashion weeks in Paris includes two seasonal fashion weeks (spring/summer and fall/winter) each for haute couture collection and ready to wear collection for men and women.

### 4.3.3 The Roles of Couturier and Creator as Institution-Based Resource

In this section, we will provide a theoretical explanation as to why we consider couturier and creator roles to be IBRs. We will then discuss the advantages of the IBR for fashion designers in detail. Finally, we will point out how designers can strategically convert their IBRs to gain competitive advantage.

Consecration	Institution-Based Resource	Resource Conversion	Strategic Resource (Barney, 1991)
<ul style="list-style-type: none"> <li>• Symbolic Capital</li> <li>-Prestige</li> <li>-Status</li> <li>-Legitimacy</li> <li>• Cultural Capital</li> <li>• Social Capital</li> </ul>	<p>Enhancing Designer's Symbolic and Cultural Capital</p> <p>↑ Legitimacy ↑ Credibility ↑ Prestige</p> <p>↑ Status ↑ Reputation ↑ Visibility</p> <p>+ Matthew Effect (Merton, 1968)</p>	<ul style="list-style-type: none"> <li>• Converting Symbolic to cultural, social, and economic capital (Bourdieu, 1986)</li> </ul>	<ul style="list-style-type: none"> <li>• Rare</li> <li>• Valuable</li> <li>• Inimitable</li> <li>• Hard to substitute</li> </ul>
The Federation	Roles: Couturier, Creator	Institution-Based Resource	Competitive Advantage
Consecrating Institution	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>

**Table 4.1: Roles of Couturier and Creator as Institution-Based Resource**

In Table 4.1, we summarize our argument that the Federation confers its symbolic capital on the roles that it consecrates upon fashion designers and that these roles become IBRs that are valuable and strategic for the designers. The roles of couturier and creator are IBRs because their value and significance are inherently tied to their consecrating institution, the Federation. Based on our theoretical discussion on the IBR in Chapter 3, we believe that the value of the couturier and creator roles can fluctuate depending on the competitive position of the Federation and the symbolic capital it accumulates vis-à-vis alternative consecrating institutions within the field of fashion. We reason that consecrating institutions that accumulate more symbolic capital and/or occupy a dominant position in the field can consecrate higher value for their IBR. Lampel (2011; 345) made a similar comment when he

observed that an "...invitation to the Paris, London, New York and Milan fashion weeks generates high valuation of the invitee's symbolic and social resources, whereas an invitation to dozens of other fashion weeks held throughout the world signifies far lower valuation..." Likewise, Mezias et al. (2010) and English (2005) point out that awards from top institutions such as the Nobel and the Academy Awards are perceived to be symbolically more valuable than similar prizes awarded by less prestigious institutions.

The roles of couturier and creator are IBRs that bring a variety of benefits to the consecrated fashion designers. At its most basic level, Baker and Faulkner (1991) believe roles are useful resources in two ways. First, they create social identities for the individuals and make them recognizable across different fields of cultural and economic productions. Second, roles are means which individuals can use to access a variety of other resources. Accordingly, the couturier and creator roles are symbolically valuable resources as they establish prestigious social identities for fashion designers and gain them membership in the Federation, an elite group of the world's best fashion designers. The roles also grant the designers access to other important gatekeepers of the fashion industry who control a variety of other resources needed by the designers to effectively compete in the marketplace. For instance, the role of couturier gives the designer the opportunity to establish contact with fashion magazine editors and journalists who can generate valuable publicity for his/her collection.

More importantly, the couturier and creator roles symbolically affirm the cultural capital of the consecrated fashion designers, which allows them to create fashion and makes them legitimate authorities to produce fashionable products. Legitimacy is an important symbolic capital because it can contribute to a firm's longevity by making it credible to customers to repeat transactions with and investors to invest in the company (Suchman, 1995; Zimmerman & Zeitz, 2002). Like other consecration projects, role consecration valorizes the consecrated producers' product as economically valuable and culturally significant while denouncing the unconsecrated producers and their products as unworthy of veneration. As a result, the roles advantageously signal the designer's competence and credibility as a cultural producer, assure customers of the quality of the designer's fashion products, and therefore, reduce the

consumer's uncertainty due to information asymmetry when trying to purchase the designers' products.

Most importantly, couturier and creator roles enhance the designers' symbolic capital that is necessary to create the symbolic value of fashion products and essentially determine their economic value (price). In Table 4.1, we identify a designer's symbolic capital that is enhanced by the consecration of couturier and creator roles. We argue that the roles increase a designer's prestige and status. We believe that prestige and status can positively influence customers' perception of the designer and his/her fashion firm. Studies by Sine et al. (2003) and Poldony (1993) indicate that higher-prestige and higher-status producers are more likely than lower-prestige and lower-status producers to sell products/services of equal quality.

We reason that prestige can influence people's perception of individuals and organizations in a similar fashion. Sine et al. (2003) explain that prestige positively influences people's perception of an organization and its products in four ways. First, there is a halo effect, in which people attribute their positive perception of prestigious organizations to their products and thus increase the products' perceived value. Second, prestige increases the visibility of organizations, which, in turn, increases the visibility of their products. As a result, products from prestigious organizations are more visible and well-known to the public than those from less prestigious firms. Third, prestige makes organizations more credible when making claims about their product quality. Lastly, prestige makes organizations attractive to stakeholders because transactions with such organizations increase stakeholders' own prestige. In our research, this means that customers prefer to buy fashion products from prestigious designers and fashion houses because they can also increase their own prestige at the same time.

We learn from Poldony (1993) that the status of a producer affects customers' perception of their product quality. High status producers are perceived to be producing high quality goods/services, while low status firms are seen as producing low quality products, even though in reality producers may not produce products with the quality that matches their status levels. For this reason, high-status producers can sell their products at higher prices than lower-status producers, regardless of the actual product quality.

We also argue that the prestige and status that comes with the couturier and creator roles contribute to enhancing the reputation of consecrated designers and their fashion houses. Rindova et al. (2005) explain that organizational reputation is made up of two antecedents: prominence and perceived quality. They advocate that firms can improve their reputations by enhancing either or both antecedents. As discussed earlier, prestige and status can positively affect both the prominence and perceived quality aspects of reputation and, therefore, can improve the overall reputation of the organization. Shamsie (2003) points out that reputation is a valuable intangible asset and a source of sustainable competitive advantage that can help a firm achieve a dominant position in the marketplace. He explains that reputation helps to differentiate a dominant firm's products from those of lesser-known firms, which leads customers to repeat transactions with the dominant firm. Eventually, the dominant firm will be able to overtake the lesser-known firms and dominate the market.

In addition, we argue that the symbolic advantages that come with the roles of couturier and creators will accumulate and produce a multiplier effect for the consecrated fashion designers and fashion houses. This phenomenon is known as the Matthew Effect (Merton, 1968). Merton (1968) explains that the Matthew Effect happens when the high status individuals or firms receive disproportionately more rewards and recognition for doing the same task as the lower-status actors and that the high-status actors continue to be privileged over the lower status actors until the lower-status actors are naturally forced out of competition due to their inability to acquire sufficient resources for further competition. Based on the Matthew Effect phenomenon, we believe that the barrier between the consecrated fashion designers and the unconsecrated will deepen over time. The consecrated fashion designers will continue to have greater and greater opportunities to acquire new resources and symbolic capital while the unconsecrated will have diminishing chances to do the same. In the end, the consecrated fashion designers and their fashion houses will experience reduced competition and increased organizational longevity.

Lastly, in Table 4.1, we argue that designers can convert their symbolic roles into other forms of capital, thus making it a strategic resource and a source of competitive advantage for

themselves and their fashion houses. Borrowing Bourdieu (1986)'s argument that capital can be converted into different forms, we posit that our IBR can also be converted into economic, social, cultural and symbolic resources for its holders. We observe that fashion designers can and often do convert their symbolic roles into economic capital in many different ways. For example, couturier and creators often charge very high prices for their cultural products. It is not uncommon for an haute couture evening gown to cost more than 10,000 euros and a simple t-shirt bearing the name of a famous creator to be priced higher than 100 euros. Some designers use their symbolic roles to introduce new product lines, while others use them to enter different fields of cultural production. For example, Christian Dior expanded his product offerings from only haute couture to include ready to wear lines for men and women, a jewelry and leather accessories line, a perfume and cosmetic line, and even a spa. Giorgio Armani enters the interior design, furniture, and restaurant and hotel businesses with the introduction of Armani Casa, Emporio Armani Caffé, and Armani Hotel & Resort. Prada and Versace have collaborated with electrical appliance giants like LG and Samsung, respectively, to offer chic mobile phones and MP3 players (Lim, 2010). Additionally, the couturier and creators roles are considered strategic resources as defined by Barney (1993). The roles consecrated by the Federation are rare, valuable, and hard to imitate. The convertibility of these roles into other forms of capital also makes them very unique resources. Consequently, we believe couturier and creator roles can become sources of competitive advantage for the designers and their fashion firms.

In the next section, we will discuss how the symbolic capital of fashion designers and field players is generated at fashion weeks. We will also point out that fashion weeks are ritual and a field configuring events that strengthen the Federation as an institution and reproduce the field of luxury fashion.

#### **4.3.4 Fashion Week as Ritual and Field Configuring Events**

We believe that the fashion weeks are both a ritual and a field configuring event (FCE) that strengthen the field of fashion by solidifying its social structure, meaning system, and values. A ritual is defined as a set of actions routinely performed mainly for their symbolic value. Scholars who study rituals find that ritual plays an important role in the construction and preservation of institutional and/or social orders as well as their meanings and values (Meyer & Scott, 1983; Friedland & Alford, 1991; Anand & Watson, 2004; Lawrence et al., 2009; Dacin et al., 2010). Some rituals, like the four major fashion weeks and the Academy Awards Ceremony, are so strongly practiced by field members that they became field configuring events: a temporal space in which field members can assemble and exchange information, experience shared systems of meaning, generate social and reputational resources, and reinforce their identities and the boundaries of the field (Lampel & Meyer, 2008).

We argue that today's fashion weeks are rituals routinely staged to symbolically maintain the image of luxury fashion and to consecrate its designers. In Paris, fashion weeks are staged six times a year in spite of the fact that they are not cost-effective and occur too late in the buying season. Entwistle and Rocamora (2011) explain that fashion weeks are redundant as trade events as they usually incur net losses and do not generate any immediate income. They observe that most of the retail buying of designers' clothes happens in studios months before the actual fashion week takes place. Additionally, there are also other alternatives to fashion weeks, such as online streaming of catwalk shows that are less costly and can reach a far greater number of people around the globe.

Despite their financial losses, the rituals of fashion weeks in Paris, London, Milan, and New York continue to thrive because they provide opportunities for all field members to cultivate valuable symbolic capital that in the long run can be converted into economic capital. Entwistle & Rocamora (2011) found that field participants such designers, magazine editors, journalists, and retail buyers ritually attend fashion weeks in order "to see and to be seen." They explain that field members gain symbolic capital by being seen at premier fashion weeks and that the accumulation of this symbolic capital secures and improves their field positions. In particular, they explain that by showing a collection at a premier fashion week, a designer "...can secure important symbolic capital in the form of status accrued through good press coverage and

enable a designer to carve out a visible presence in the fashion world" (Entwistle & Rocamora, 2011; 249). We believe that this visible presence is the symbolic capital that couturiers and creators use to establish a good reputation and gain widespread publicity and recognition for themselves and their brands. Ultimately, designers hope that customers will recognize them and eventually buy their branded products. In so doing, the fashion designer would have been able to successfully convert his/her symbolic capital into an economic one. Entwistle & Rocamora (2011; 259) thus conclude that the value of fashion weeks is "...primarily about generating elusive symbolic capital around the designer that, ultimately, may translate into actual economic capital."

We agree with Skov and Meier (2011) that fashion weeks are field configuring events. The field of fashion materializes or physically 'configures' during the fashion weeks when all of its significant players gather in the same place and at the same time to attend fashion shows and to interact with each other. Not only do the fashion weeks provide space for field members to connect with each other and form common values, beliefs, and practices, they also allow members to develop "field mandate" and alter "...the rules and laws that proscribe or prescribe particular practices, establishing membership eligibility, or specifying reporting requirements" (Hardy & Maguire, 2010; 1367).

Furthermore, we believe that the fashion weeks are also institutional maintenance mechanisms that help to strengthen the Federation and the field of fashion externally and internally. Externally, fashion weeks like those in Paris, Milan, London and New York have become international spectacles that attract wider attention to the field, its members, and its organizer, the Federation. A wider recognition of the field of fashion by various groups of people from many different fields of cultural and economic production contributes to the legitimization of the field of fashion and the Federation as well as facilitates the transfer and conversion of the symbolic capital of field members outside the field. As previously pointed out, Giorgio Armani is able to use his symbolic capital as creator of fashionable products to enter into other fields of cultural production such as interior design, furniture, and gastronomy.

Internally, the fashion weeks strengthen both the Federation as a consecrating institution and the field of fashion by getting field members to experience shared systems of meaning and

value on a seasonal basis. At the fashion weeks, the social hierarchy and value system that the Federation institutes is enacted, adopted, and reproduced by fashion field members. Field members learn the system and structure of the fashion field through observation of catwalk seating arrangements that prioritize members with high symbolic capital, a practice that is replicated in all subsequent fashion weeks. In effect, they observe the social hierarchy of the field and learn that the “symbolically-rich” members such as leading fashion magazine editors, celebrities, and store buyers are often seated closest to the catwalk while the people with less symbolic capital sit further in the back. Consequently, fashion field members will learn to strategize and accumulate a good deal of symbolic capital in order to establish themselves and attain favorable positions within the field. Fashion field members can increase their symbolic capital through enriching their own knowledge of fashion and dressing skills (cultural capital) and building connections (social capital) with other “symbolically rich” members. As field members interact, they generate social and symbolic capital which allows them to mutually consecrate each other and “reproduce themselves” (Kawamura, 2004). Entwistle & Rocamora (2011) observe that when field members exchange an ‘air kiss,’ it signals their close relationship within the field; but more importantly, it enacts and reproduces their social capital, renders their field positions visible to other field members, and, therefore, maintains or improves their field positions.

In the end, we can see that fashion week is very important ritual and field configuring event for the fashion industry. Not only does it provide field members with the space to interact and cultivate symbolic capital, it also serves as an institutional maintenance mechanism that preserves the values prized by the Federation and the hierarchical social structure of the fashion field. In the following section, we will describe our methodology in exploring the couturier and creator roles as IBRs.

## **4.4 Methodology**

We chose to conduct an exploratory research to find out how our IBR concept may be relevant to the fashion industry. We wish to learn how couturier and creator roles are valuable to fashion designers and their fashion houses and how they use their symbolic roles to gain competitive advantages.

### **4.4.1 Data Collection and Analysis**

We conducted our exploratory research by collecting qualitative data from primary and secondary sources. We began gathering data from a wide range of secondary resources, such as fashion books, museum exhibition catalogues, fashion magazines, newspaper articles, autobiographies of famous couturiers, films, and documentaries in order to get an in-depth knowledge of the field of fashion and the players involved. A documentary produced by the BBCFour called *The Secret World of Haute Couture* is particularly useful as it helped us gain background information about the high fashion segment in France and their wealthy female clients.

We then conducted semi-structured interviews to gain primary data about the fashion industry and to learn how our concept of IBR fares in such a symbolically conscious industry. We conducted 30-45 minutes interviews with seven people who work in different countries and parts of the fashion industry so that we could develop a comprehensive understanding of the fashion industry.

<b>Interviewee</b>	<b>Job Description</b>	<b>Company</b>	<b>Interview Location</b>
1	Buyer – Womenswear	US-based luxury department store	London
2	Buyer – Men's accessories	UK-based luxury department store	London
3	Buyer/Wholesaler	US-based luxury bridal wholesaler	New York/ Phone
4	Assistant Brand Manager	Italian-based luxury fashion company	London
5	Assistant Fashion Editor	International Fashion Magazine	Thailand
6	Lifestyle Magazine Editor	Local Fashion & Lifestyle Magazine	Thailand
7	Designer	Leading Womenswear Fashion Brand	Thailand

We chose the interviewees based on the snowball sampling technique, wherein one interviewee recommends that we interview his/her acquaintances, who are knowledgeable participants of the fashion industry. Our interviewees came from Western and Eastern countries and cultures. We believe that the difference in their backgrounds and levels of their expertise enriched our understanding of the luxury fashion industry at an international level. We elected to interview participants from Thailand, rather than other Asian countries, because we happen to have connection and access to these opinion leaders; but more importantly, we chose them because we want to compare their perceptions and experiences, and see whether they are different from that of Western fashion field players. We believe that similar viewpoints and experiences among our interviewees, Thai and Western, would affirm the prevalent value system and symbolic social hierarchy practiced by fashion field players all over the world and also allow us to generalize our research findings more easily in other cultural settings.

We analyzed the qualitative primary and secondary data gathered by using Strauss and Corbin's (1990) three coding techniques for grounded theory. First we used the open coding technique to organize data into concepts and then grouped these related concepts into categories or themes. We then performed axial coding, whereby we try to link the coded categories to contexts, causes, or patterns of interaction. Finally, we performed selective coding, which is a "procedure of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement and development" (Strauss and Corbin, 1990: 96). We identified symbolic capital as the core category that links five other categories within our research: the symbolic value of haute couture, the roles of couturiers and creators as IBR, the importance and accumulation of symbolic capital by fashion field members, the symbiotic relationships amongst field members, and the challenge to preserve the symbolic value of IBR consecrated by the Federation. In the next section, we discuss each of these categories in detail. Additionally, we collected some financial data on several major luxury fashion companies in order to assess their impact on the luxury market segment. Where applicable, we provide financial data to support our qualitative findings. We present our findings and discussion in the following section.

#### **4.4.2 Findings and Discussion**

Our exploratory research reveals that symbolic capital is very important in the fashion industry. We found that the symbolic value of haute couture and the roles of couturiers and creators are valuable resources to designers and fashion firms. Symbolic capital is important for all fashion field members and that there are many ways in which they can accumulate symbolic capital. Furthermore, we learned that there are symbiotic relationships amongst field members and that such close relationships help to strengthen the field of fashion. Lastly, we discovered that the Federation as a consecrating institution has a few challenges to overcome in order to preserve its position and the value of the IBR it consecrates for designers. We will discuss all five topics in detail below.

##### **I: Symbolic Value of Haute Couture**

Today, many people continue to perceive haute couture as the epitome of luxury in the fashion industry. Although haute couture is no longer a business segment of the fashion industry that makes money, we found that its symbolic value is still a highly valuable resource for fashion houses. In particular, the symbolic value of haute couture can help raise the profile of a fashion house by making its products attractive for consumers and its brand attractive to investors.

Our interviewees explain that in today's world fashion houses use haute couture to create a high profile for their brands. They use the luxury image and reputation generated at the couture shows to drive the sales of their more lucrative product lines like ready to wear, leather goods, perfume, and cosmetics. One interviewee explains:

...couture is not a business that makes money. That's more kind of like a profile. A company might add a couture line because they want to have a higher profile. Really, the money is made in the ready to wear. ... Having a couture line is more about ego. ...It's all about adding prestige and having a high profile.

Another one of our interviewees believes that many established French fashion houses like Louis Vuitton and Hermes are able to maintain their high-profile by "playing off their heritage and when they were established, the aura of it." Similarly, Menkes (2011b) observes that many brands "... are constantly building from their pasts –not least because history is used as inspiration... [and that] ...designers are [becoming] increasingly aware of heritage and value their own history." We believe that it is the rich heritage and glamour of legendary Parisian

couturiers and their haute couture houses that distinguish them from 'newer' fashion brands. One interviewee explains to us that:

Karl Lagerfeld has his own brand, ... but it isn't doing as well as Chanel is doing. And I don't think it will ever do as well as Chanel will do. And the reason for that is because Chanel will always be an emblem of something, and whatever that something is, is whatever you and I perceived it. Currently, it's universal that we perceived Chanel as being the icon of fashion, an icon of French fashion. And right now, that is still a big thing.

Furthermore, the symbolic value of haute couture enriches a fashion house's heritage and prestige and makes it an attractive business for investment. Recently, we observed a trend in reviving many historic couture fashion houses. For example, Balenciaga was revived in 1986, the House of Worth in early 2000s, Vionnet in 2006, Halston in 2008, and Mainbocher in 2012. Arnaud De Lumen, a French entrepreneur, who revived Vionnet and Mainbocher, believes that these original couture houses are worth reviving because they already have an attractive history. He points out that "[w]hen you relaunch [a couture house], you already have a story to tell. After a few years, people completely forget that the brand was dormant. People think it's always been there. It's reassuring to consumers that you're not a newcomer" ("French couture houses to be revived").

## **II: Symbolic Roles of Couturier and Creators as Institution-Based Resource**

Although the fashion weeks in London, Milan, and New York also consecrate designers into creators, Paris, as the birthplace of haute couture, is the only fashion week host city able to consecrate designers into two tiers: couturier and creator. As the epicenter of fashion, Paris is seen as the city in which designers can 'make-their-mark' on the fashion industry (Mendes & De la Haye, 1999). Consequently, we found that many young foreign designers like Martin Margiela, Ann Demeulemeester, and Michael Kors and established fashion houses like Vivienne Westwood, Jil Sander, Yohji Yamamoto, Rei Kawakubo, and Helmut Lang were legitimized in Paris: There they started their careers and/or showed their collections in order to gain international recognition and press coverage for their brands.

We observed that symbolic capital such as the legitimacy, prestige, status, and reputation associated with roles of couturier and creator are IBRs that can help designers and their

fashion houses to develop their own houses, to expand their product lines, and even venture into other fields of cultural production. For example, after working as couturiers and creators for established Parisian houses like Givenchy, Chloe, and Celine, designers like Alexander McQueen, Stella McCartney, and Michael Kors were able to establish their own ready to wear fashion houses. Christian Dior's role as couturier has allowed him to expand his product offerings to include perfume and cosmetics through licensing agreements. After his death, the fashion house continues to operate under his symbolic name and has added more product lines such as ready to wear, leather goods, fine and fashion jewelry, and skincare. Similarly, Giorgio Armani's role as a creator helped him to build a fashion empire that has many diffusion lines that cater to different segments of the market as well as to launch perfume and cosmetic, leather goods, fine and fashion jewelry lines of his own. Additionally, Armani's role as a talented fashion creator has also let him diversify into other cultural businesses such as home furnishing, restaurants, and hotel. In Table 4.2, we provided more examples of a few leading designers' product line extensions and diversifications.

We recognize that the symbolic capital of couturiers, creators, and fashion houses are not the only factors that contribute to the success of a fashion house's expansion. Strong financial backing and management capabilities also contribute significantly to such success. However, the point we want to make here is that the symbolic value of the couturier and the couture fashion house is what interests investors in the first place. Brubach (1998) reports how Bernard Arnault, the Chairman and CEO of LVMH group, became interested in acquiring the fashion house, Christian Dior. She quotes him as saying,

When you ask a taxi driver in New York, 'What do you know about France -- do you know who is the President?'...the answer is, 'No.' But he knows Christian Dior. Dior was in his day on the cover of Time magazine. He was already part of French culture, like the Eiffel Tower. To build a name that transcends the individual and becomes a symbol of France -- it's a phenomenon that happens very rarely. That's what got me into the luxury business, when I understood the potential of that name (Brubach, 1998).

Additionally, we observed that the roles of couturiers and creators are IBRs that gain additional business for the designers from sportswear and other mass market fashion companies. Puma and Adidas have hired creators like Stella McCartney, Yohji Yamamoto, and Alexander McQueen to design collections for them. H&M, the mass market fashion company, has been

launching designer collaboration collections successfully since 2004. The first collaboration project was with the renowned couturier Karl Lagerfeld from the legendary couture house Chanel. The subsequent collaborations are with leading ready to wear brands like Stella McCartney, Viktor & Rolf, Commes des Garcon, Mathew Williamson, Versace, Lanvin, and Marni. The phenomenal popularity of H&M designer collaborations is well-documented in the newspapers as many fashionistas often queue up for hours before the stores open and all the items are sold out within a few hours (see Figure 4.5). Most fascinatingly, many of these H&M designer items are then resold for more than double of their original prices on eBay (Harmsworth, 2006; Dumas, 2011; Chernikoff, 2011).

BRANDS & PRODUCT LINES YR 2012	HC	RTW-F	RTW-M	LEATHER GOODS	FINE JEWELRY	FASHION JEWELRY	WATCHES	PERFUME	COSMETIC	EYEWEAR	CHILDRENSWEAR	HOME	STATIONARY	RESTAURANT/CAFÉ	HOTEL	SPA	TOTAL
ARMANI	x	x	x	x	x	x	x	x	x	x	x	x		x	x		14
DIOR	x	x	x	x	x	x	x	x	x	x	x				x		12
RALPH LAUREN		x	x	x	x	x	x	x		x	x	x	x				11
CHANEL	x	x	x	x	x	x	x	x	x	x							10
BURBERRY		x	x	x		x	x	x	x	x	x						9
GUCCI	x	x	x	x		x	x	x		x	x						9
HERMES		x	x	x		x	x	x		x		x	x				9
LOUIS VUITTON		x	x	x		x	x	x		x		x	x				9
VERSACE	x	x	x	x		x	x	x		x	x						9
PAUL SMITH		x	x	x		x	x	x		x	x						8
YSL	x	x	x	x		x		x	x	x							8
MICHAEL KORS		x	x	x		x	x	x		x							7
PRADA		x	x	x		x		x		x		x					7
VALENTINO	x	x	x	x		x		x		x							7

**Table 4.2: Product Line Extension and Diversification by Brands.**

Source: Compiled from various sources



**Figure 4.5: Popularity of H&M Designer Collaboration Collections.**

Source: [Guardian.co.uk](http://Guardian.co.uk)

Left: Busy shoppers inside the H&M Bond St. store in London, during the first few hours that Versace for H&M Collection arrives at store.

Right: Customers formed long queue outside the H&M Bond St. store in London as early as the night before for the chance to buy Versace for H&M Collection 2011.

### III: Sources and Importance of Symbolic Capital for Fashion Field Members

We also found that symbolic capital is an important resource for all members of the field of luxury fashion and that there are various ways field members can accumulate symbolic capital. For fashion designers, symbolic capital is helpful to establish their names and visible presence in the local and international fashion communities. In addition to participating at the four major fashion weeks, we have identified five additional sources from which a designer can acquire his/her symbolic and cultural capital.

First, designers can acquire skills and symbolic capital through formal education at leading art and design universities like Central St. Martin or Parsons the New School of Design. Second, designers can accumulate more cultural and symbolic capital by training with reputable couture and ready to wear fashion houses. We observed that leading designers of our time, like Alexander McQueen, John Galliano, and Stella McCartney, received their formal education and training at highly regarded educational institutions and famous fashion houses. Third, designers can also build up their reputation by competing for art and design awards. For young designers, winning an award from a prestigious institution like the Council of Fashion Designers of America (CFDA) is a steppingstone for them to launch a successful career in the future. For established designers, winning an award like the British Designer of the Year enhanced their status and reputation as leading designers in the international fashion community. Fourth, designers can acquire additional cultural and symbolic capital by mixing fashion with art,

creating clothes inspired by a work of art or collaborating with artists from such other cultural fields as visual arts, music, and architecture (see Figure 4.6). In the process, designers also gain reputational and commercial benefit from this synergy. Lastly, designers can gain additional prestige from becoming the subjects of fashion exhibitions launched by leading art museums (details in Chapter 5). We believe that the accumulation of symbolic capital from these various sources coupled with the prestige of the roles of couturier and creators can firmly established a designer's presence in the international fashion community.

For other fashion field members, symbolic capital helps them to gain favorable advantages. For example, department store buyers' symbolic capital can help them gain entrance to fashion shows, for which they did not have an official invitation or a purchasing interest. As an interviewee comments, "...some of the shows we go to, we don't actually buy, but obviously when we present ourselves as from [department store name], they are very interested, so we still get in." Similarly, the symbolic capital of editors and journalists from influential fashion magazines and newspapers like Vogue, Elle, and the New York Times guarantees them a front row seat with the "best vantage point" at fashion shows (Dodes, 2010). In Figure 4.7, Dodes (2010) provides an illustration of catwalk seating arrangement that clearly reflects the social hierarchy of the luxury fashion industry, which is based on the different levels of symbolic capital that each member has accumulated. Additionally, the sources of fashion buyers, editors, and journalists' symbolic capital not only come from the institutions in which they work, but also from their social connections and interactions with each other at fashion events like fashion weeks, awards ceremonies, and launch parties.

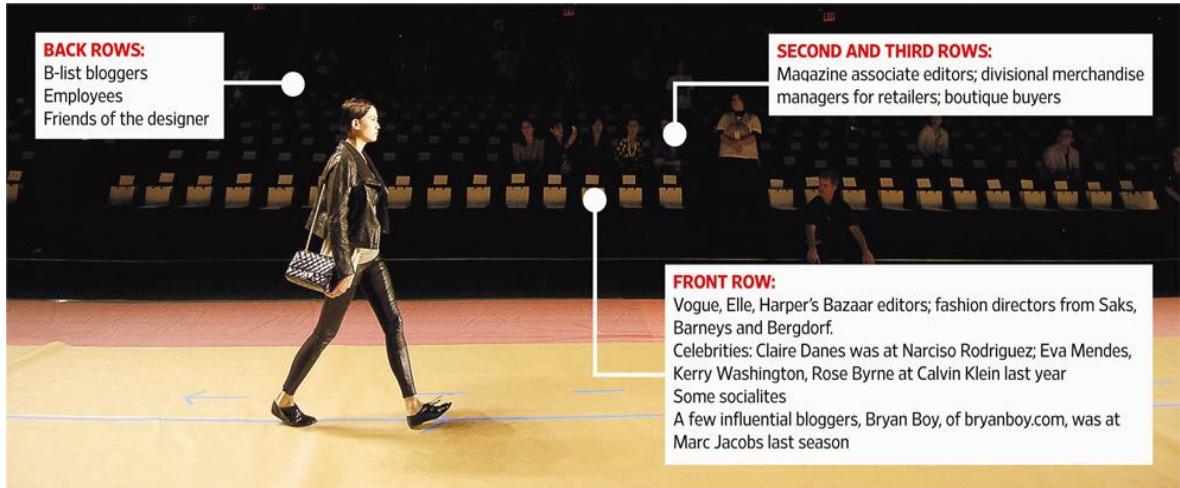
#### **IV: Symbiotic Relationships in the Field**

We find that members of the fashion field developed symbiotic relationships based on mutual benefits among each other. In Figure 4.8, we trace how field members benefit economically and symbolically through their casual and business interactions with each other. We believe that there is an economic exchange in every pair of relationships and that publicity plays a significant role in generating such symbolic capital as visibility, reputation, and consumer



**Figure 4.6: Mixing Art and Fashion**

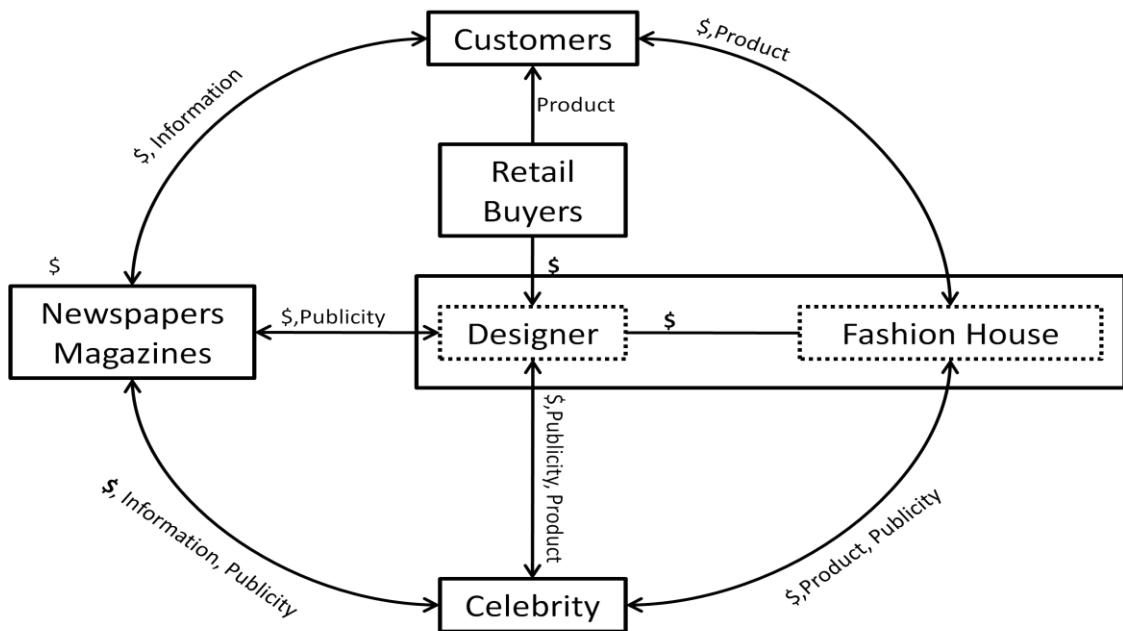
Clockwise from the top: YSL's Mondrian dress; Louis Vuitton Murakami Handbag; Prada Concept Store in Tokyo designed by leading architect firm Herzog and de Meuron



**Figure 4.7: Typical Catwalk Seating Arrangement**

Source: Dodes (2010)

recognition for field members. We recognize that designers and their fashion houses need magazines and celebrities to help generate publicity and consumer demand for their products. They also need department stores to help sell their products to consumers. Reciprocally, newspapers and magazines rely on designers and celebrities to generate content for their publications, department stores need designers' products to sell to their customers, and celebrities need designers to supply them fashionable products to attract and increase their public appeal and to offer them product endorsement contracts.



**Figure 4.8: Symbiotic Relationships among Fashion Field Members**

#### Symbiotic relationship between designers and fashion houses

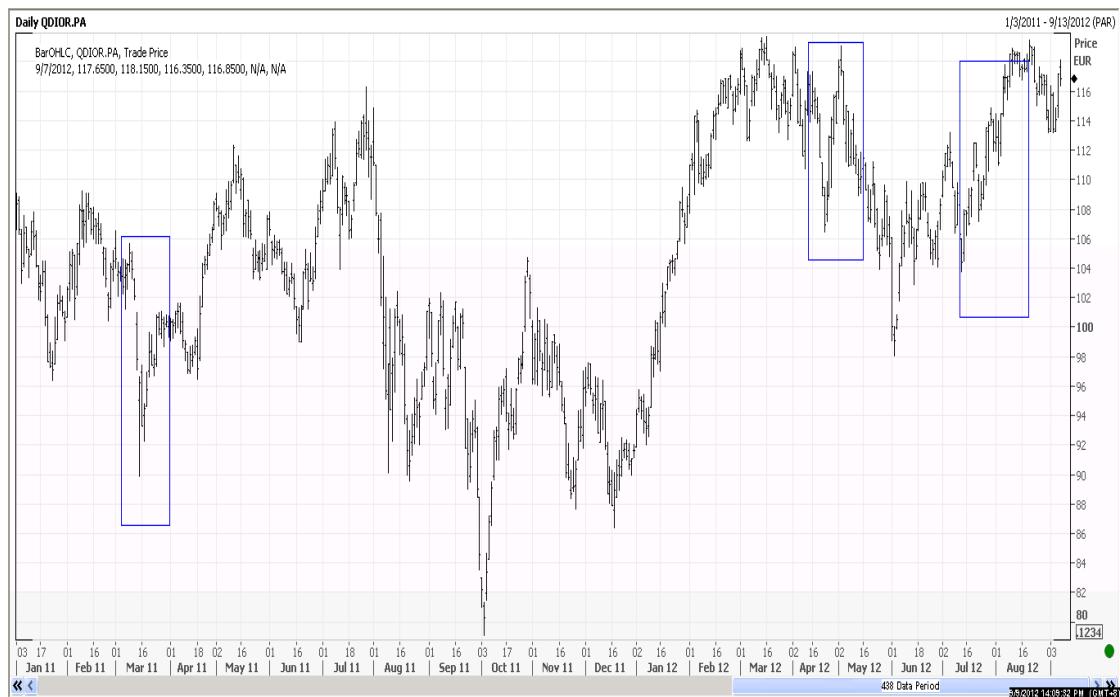
Sometimes, the designer and the fashion house are so interdependent that they become one and the same. One of our interviewee states that “When I think of Karl Lagerfeld, I think of Chanel. They are synonymous.” The symbiotic relationship between the designer and the fashion house is most perceptible when the designer has died or exited the house. As one of our interviewees observed, “...our sales for Chloe at the time that Phoebe Philo left did not totally plummeted, but there was a definite decrease, I can tell you that.” The death and departure of leading designers can caused market uncertainty towards the future of the fashion houses and, in turn, negatively affect their share prices. In Figure 4.9, we can see that

when McQueen died in February 2010, the share price of its owner, the PPR Group, dropped to its lowest, and remained volatile until Sarah Burton, a talented assistant of McQueen, was named the new artistic director of the brand in May 2010. In the following year, despite the ongoing economic downturn, the share price of the PPR group experienced a periodic boost as McQueen gained further international publicity from two highly publicized events: The Royal Wedding of Prince William and Kate Middleton, whose wedding dress was designed by Burton, and the Metropolitan Museum of Art's retrospective exhibition on McQueen. In Figure 4.10, we similarly observed that when John Galliano was discharged from Dior for his anti-Semitic comments in February 2011, the share price of Christian Dior dropped slightly and remained volatile until a year later when its new designer, Raf Simons received positive reviews from magazines and newspaper for his debut collection for Dior. We recognized that our investigation of fashion houses' share prices is largely on the surface; nonetheless we believe such price fluctuation is a helpful illustration of our argument.



**Figure 4.9: PPR Group's Share Prices after McQueen**

Source: Reuters



**Figure 4.10: Christian Dior's Share Prices after Galliano**

Source: Reuters

#### Symbiotic relationship between designers and the media, retailers, and celebrities

We also find that magazine editors and department stores can help launch designers' careers.

One of our interviewees recounts how Isabella Blow, a magazine editor, helped launched McQueen's career. He said:

...Isabella Blow was actually the one who makes McQueen big. .... when he had his graduate fashion week, she actually bought all [the clothes he made], she actually loves them so much. And after that they just have a massive bond. And he became very big after that. The same is with Philip Treacy. Philip Treacy is known, but he's always known because Isabella always wears the hats he designed.

Another interviewee points out the importance of magazine coverage for the reputation and visibility of a young designer. She said:

... there're also tons of magazines that pushes designers. What I mean by pushes designers is that they will write about you, here's a new designer, Jason Wu. He's great, he's from China,... he's 22 years old, he's brand new in the market and it looks like he makes amazing structured dresses. They'll write very very favorably toward him. So that is also very helpful for recognition,...

A buyer from Bergdorf Goodman recalls how Calvin Klein made his name by selling at the store. She said,

... he came out of school, he designs something, a buyer at BG actually saw his work and thought it looks good and would actually appeal to our clientele, brought his collection into BG. That was the only location he was selling it, as he has no retail store, he's just starting out. And it kind of launched, people knew about it, editors start writing about it, and Calvin Klein as a house blossomed.

There is also a symbiotic relationship between fashion designers and celebrities. Designers gain additional publicity, and their reputations and profiles are heightened when well-known actresses and celebrities attend their catwalks or use their products. Similarly, an actress can gain great publicity, increase her popularity with the public, and become a style icon by wearing designer clothes to highly publicized events like product launches, movie premiers, and galas. Interestingly, one interviewee observed that fashion houses do try to capitalize on their relationship with celebrities. He stated that:

...sometimes when you go into [Mulberry] stores, they'll have like newspaper cuttings showing each celebrity wearing their bags, to show that it is popular. I think they usually do that at buy-in when people don't know the brand very well. In England everybody knows, but like in some other parts of the world, customers may not know them as well. So, [these customers] will be like, well, if these people are wearing it then it must be great

In our view, the symbiotic relationship amongst field members is what makes its members so tightly-knit as a group and the field of fashion and its culture highly institutionalized. The continuous economic and symbolic exchanges amongst the field members strengthen their bonds and interdependency. As previously discussed, field members regularly attend fashion shows to 'see and be seen' by other members in order to accumulate symbolic capital (Entwistle and Rocamora, 2011). There is even an etiquette for attending fashion shows. For example, Dodes (2010) advises

For celebrities seated in the front row at a Marc Jacobs show, it is considered good manners to wear a Marc Jacobs outfit. Wait until after the show to go through the gift bag tucked beneath the front row seats, ... During the show, front-row guests should keep their feet under their chairs to keep them out of photographs. Conversation of any kind is frowned upon; [don't make] stray comments [as they] can land on a blog...

We believe that shared values and close relationships among influential fashion field members make it easy for the replication of the field. More importantly, they allow established designers to maintain their symbolic status and advantageous positions over time.

#### **V: The Strength of the Federation as a Consecrating Institution and the Value of its IBR**

Our research reveals that although the Federation can presently consecrate fashion designers through its seasonal Paris Fashion Week, the institution is facing a number of challenges in maintaining its position as the premier consecrating institution within the luxury fashion industry. Subsequently, the Federation will also encounter difficulties in preserving the symbolic value of the roles of couturier, which it consecrates for designers. We believe that the Federation must try to overcome the challenges facing its institution in order to ensure its institutional longevity.

The challenges to the Federation's power and position as a premier consecrating institution come from both internal and external factors. Internally, we observed that the Federation does not admit many new designers to its association. We believe that by not admitting many new members, the Federation is running the risk of becoming too exclusive and too small as a professional association to make meaningful impact on the fashion industry in the long term. Although we see that the Federation has attempted to rectify this problem by relaxing its membership rules to include non-French designers in 1977 and initiating a trial period for potential new members, the number of new members to the Federation remains relatively low. From 2003-2012, the average number of new members to its haute couture division is one in every two years and fewer than three new members per year for its ready to wear division. Many designers have chosen not to apply for membership to the Federation because it is very bureaucratic and has too many requirements. Currently, there are about one hundred designers that are members to the Federation. In comparison, the Council of Fashion Designers of America (CFDA) has more than 400 designer members.

Externally, the Federation faces challenges from other consecrating institutions and changes in the industry environment. Today, the Federation is no longer the only gateway available to fashion designers to gain international recognition. Other professional institution like the CFDA

and British Fashion Council (BFC) and publication and media companies like Vogue, Elle, and MTV have taken on the Federation's task of valorizing a designer's work and have started to consecrate designers with their own awards, money prizes, and fashion weeks. As these alternative consecrating institutions gain strength and popularity, they will cut into the Federation's consecrative power.

Moreover, there is a significant change in consumers' lifestyles and the industry's environment that has caused a great setback for the Federation. The decline of haute couture consumption in the 1960s and the rise of ready to wear in the 1970s have made it difficult for the Federation to maintain the symbolic difference between couturier and ready to wear designers.

Furthermore, ready to wear collections are becoming more and more sophisticated, thus narrowing the creativity and craftsmanship gap that traditionally separated haute couture from ready to wear collections. One of our interviewees points out that "...its really hard to say what's haute couture anymore because if you look at McQueen, I see that as haute couture but he doesn't have a couture line established." Additionally, the symbolic value of the couturier role is further eroded as the word "couture" is used without any regulation, despite the fact that it is supposed to be protected by French law. One interviewee points out, "...everybody over uses the word 'couture.' Even the cheapest designer puts couture in their name." In the end, the combination of internal and external challenges to the Federation has weakened the Federation as a consecrating institution and considerably eroded the symbolic value of the role of couturier as an IBR.

In order for the Federation to maintain its institutional longevity, we believe it ought to find a balance between maintaining the exclusivity and high standard of its membership and having a sufficient number of members in order to maintain its significant influence on the luxury fashion industry. The relaxation of membership rules in 1977, and more recently, giving institutional and financial support for young designers to join Paris fashion week, as well as the addition of French haute jewelry companies like Cartier, Boucheron, and Chaumet in 2010 as members are good steps that the Federation has made towards modernizing its institution and growing the business for its members. However, there is more to be done to nurture the haute couture industry and the symbolic value of the couturier role. Our suggestion is for the

Federation to try to regulate more rigorously the use of the “couture” label through the use of the law.

## 4.5 Conclusion

In summary, we started this chapter by giving a detailed overview of the fashion industry and its pyramid structure. We pointed out that fashion has a European aristocratic origin and is a cultural product imbued with symbolic meaning. We identified a number of important gatekeepers of the fashion industry and discussed how each of them can make an impact on a fashion designer’s career and the success of his/her fashion house.

We then focused our attention on the Federation, a French professional institution that has created and dominated the value system of the luxury fashion industry for over a century. By consecrating fashion designers as couturiers and creators, the Federation has created a prestigious status distinction among producers of fashionable products. The consecration advantageously transfers the Federations’ valuable institution based resource to the consecrated fashion designers in the form of prestige, reputation, legitimacy and credibility. These IBRs can be strategically converted into other desirable forms of capital such as social, cultural, and economic. We theorize that the accumulation of the Federation’s IBRs will produce a multiplier effect known as the Matthew Effect, which helps consecrated designers to gain disproportionate amounts of recognition and rewards (in term of premium prices) relative to their unconsecrated or less consecrated counterparts. Additionally, we point out that fashion week is both a ritual and a field-configuring event that strengthen the field of fashion and the values instilled by the Federation.

Our exploratory findings are based on interviews and secondary sources. We discover that the symbolic value of haute couture is used mainly to raise the profile of a fashion house and push the sales of its more lucrative products like cosmetics, perfume, and ready to wear lines. The symbolic value of haute couture is also the key reason that many investors are interested in reviving dormant couture houses rich in heritage. Furthermore, we found that the roles of couturier and creator, consecrated by the Federation, are IBRs which designers can use to develop their own fashion house, expand their product lines, and even diversify their businesses outside the field of fashion. The roles also gain designers additional business from

specialized and mass market fashion companies like Adidas and H&M. Moreover, we learn that symbolic capital is an important resource for all members of the field of fashion, as they can use symbolic capital as a resource to gain favorable advantages. Hence, we have identified the different sources from which designers and other members can accumulate symbolic capital. We also found that fashion field members have developed symbiotic relationships based on mutual benefits among each other. It is these intricate relationships coupled with the ritual of attending field configuring event like the fashion weeks that have firmly institutionalized the fashion community's culture and value, thus strengthening the field of fashion as a whole.

However, we also found that there are internal and external challenges to the Federation as a consecrating institution. Internally, the Federation is at risk of becoming too exclusive and too small to alone influence the luxury fashion industry. Externally, the Federation is facing competition from alternative consecrating institutions such as other professional associations and the media/publication companies. Furthermore, changes in consumer preferences and the industry environment have strengthened the ready to wear sector but weakened the haute couture industry. As the production and consumption of haute couture is superseded by the ready to wear, so too is the symbolic significance of couturier weakened by the rising stardom of the creator. In order to overcome the challenges to its consecrative power and to preserve the symbolic value of the role of couturier it consecrated, the Federation must continue to modernize its institution to keep pace with the changes in consumers' lifestyles and industry environment.

## **CHAPTER 5: MUSEUM CONSECRATION AS AN IBR FOR FASHION DESIGNERS**

*People visit MoMA or the Met to see great art; they will even consider art that they don't know or don't like as great because the museum says so.*

---Kimmelman, 2005

### **5.1 Introduction**

In this chapter, we focus our attention on fashion exhibitions launched by art museums. We note that museum fashion exhibitions validate and elevate the proposition that fashion designers are artists whose medium of expression is fabric rather than expert artisans that fulfill the needs of their customers. Many fashion designers who are the subject of special museum exhibitions often enjoy greater prestige, higher status recognition, and increase in market value relative to those who have not been honored by the museums. Hence, we are motivated to learn how art museums and their special fashion exhibitions can cause such a positive impact on the fashion designers and the cultural products they produce.

We begin the chapter with a theoretical overview of how museums come to have the legitimacy to consecrate persons and objects as worthy of recognition and admiration. We then explain how a museum's special exhibition is an important ritual and a field configuring event that strengthens the museum as a consecrating institution. We further examine how the special exhibition helps a museum to create a valuable IBR that helps to increase a market value of a fashion designer and his/her cultural products. To support our theoretical arguments, we present findings from multiple case studies of designer fashion exhibitions launched by the Victoria and Albert Museum in London, UK, and by the Metropolitan Museum of Art in New York, USA. We end the chapter with discussions of our findings as well as the stigma of a self-curating exhibition in order to show the inherent difference in value of an IBR consecrated by highly legitimate and less legitimate institutions.

## **5.2 Theoretical Overview**

We believe that an art museum is an ideal cultural consecrating institution. It is a public institution purposely built to collect and preserve objects of cultural, social, and historical importance (Lewis, 1989; Bennett, 1995). An art museum is believed to be the expert and ultimate authority in all matters concerning art. As the quotation at the beginning of this chapter indicates, an art museum is a powerful cultural institution that can influence and shape the public's taste in art. An art museum is not only set up to preserve artistic heritage; it also involves itself in research and education, and impart knowledge to the wider public. In this section, we will elaborate on how the legitimacy of art museum made it a powerful consecrating institution. We will then explain how museum's special exhibitions are both ritual and field configuring events that help museums to reproduce their culture and meaning and to maintain their positions within the cultural field. Finally, we discuss how special exhibitions allow art museums to convert their symbolic capital into valuable IBRs for fashion designers.

### **5.2.1 Museum as Consecrating Institution**

The consecrating power of the art museum rests upon its organizational and cultural legitimacy. In chapter 3, we explained that consecrating institutions must have both organizational and cultural legitimacy in order to successfully implement consecration projects and confer institution based resource on individuals and firms. We argue that the art museum, as a consecrating institution, possesses pragmatic and normative types of organizational legitimacy and a bourgeois type of cultural legitimacy that legalize its authority to sanction individuals as artists.

We reason that the pragmatic and the normative organizational legitimacy accorded to the art museum helps to legalize the institution and its actions as necessary and valuable to society. According to Suchman (1995), an organization is accorded pragmatic legitimacy when constituents see that their exchange with the organization is valuable to them. An organization is accorded normative legitimacy when constituents see that the organization has taken proper actions to arrive at their accomplishment. In the case of the art museum, people accord it pragmatic legitimacy because they perceive the museum to be performing them a valuable service: preserving cultural heritage and diffusing artistic knowledge. People also accord

normative legitimacy to the art museum as they perceive it to be fulfilling its curatorial and educational duties with integrity.

More importantly, we believe that the bourgeois cultural legitimacy of the art museum validates its authority to consecrate objects as art and their creators as artists. The bourgeois cultural legitimacy of art museums is based on "...their unique ability to articulate and shape our understanding of why works of art are singularly important, why they deserve our attention and respect" (Lowry in Cuno, 2004; 139). According to Bourdieu (1993), this unique ability to understand and appropriate art is a form of cultural capital most pronounced in the bourgeois social class because they have been educated and trained through formal education and family upbringing. Because Bourdieu (1993) sees society as a struggle between the social classes to impose their own values over the other, he argues that the bourgeois, due to its superior economic, social, and cultural capitals, were able to dominate the other social classes with its values. The art museum belongs to a class of institutions that were created and empowered by the bourgeois, the dominant social class, to codify its cultural values and to reproduce those values by conferring legitimacy on works of art that embody such values. Moreover, the assertion and reproduction of bourgeois' cultural values are essential to maintain its dominance over competing values from other social classes. In our study, we observed that art museums launch special exhibitions as a way to reproduce the codified bourgeois' cultural values and confer bourgeois cultural legitimacy on cultural producers and products. In the following section, we will discuss how the special exhibition becomes a mechanism for institutional maintenance.

### **5.2.2 Museum Exhibition as Ritual and Field Configuring Event**

A museum launches special exhibitions for many reasons: to increase viewings of their permanent collections, to celebrate an event, to salute the achievement of a person or groups, to investigate new topics and expand knowledge, to raise additional funding, and even to honor their donors. Regardless of the various reasons it is launched, a special exhibition is both a ritual and a field configuring event that helps a museum to reproduce its institutional values and maintain its position within the cultural field.

We refer to ritual as a set of prescribed actions routinely performed mainly for their symbolic value. Many studies have acknowledged that ritual plays an important role in the construction of social orders and their meanings and values (Friedland & Alford, 1991; Meyer and Scott, 1983). Dacin et al. (2010) argue that rituals are important institutional maintenance mechanisms that reproduce and reinforce institutional orders. The research of Lawrence et al. (2009) on institutional work highlights the importance of institutional maintenance in preserving stable and consistent meaning systems and social structure over time.

In our study of art museums, we see that museums are settings for rituals (Duncan, 2004). Museums repeatedly stage special exhibition as a way to strengthen and diffuse their institutional and symbolic values so as to maintain their relevance within the society. Special exhibitions present the museums with opportunities to increase their own symbolic capitals. The more the museum successfully launches scholarly and interesting exhibitions, the greater is their prestige and reputation, and the stronger is their consecrating power. Furthermore, special exhibitions attract many visitors to the museums. These visitors are members of the society who come from different social and economic backgrounds. As they enter the museum, they come to share an experience and are required to behave with a certain decorum prescribed by the museum, walking slowly through the rooms to view art objects without touching them or holding loud conversations (Duncan, 2004). Gradually, the visitors will absorb the museum's culture and etiquette and pass it on to their children. At the end of the day, these members of the society will have learned to appreciate the museum as preserver of cultural objects and lend their support for the institution, financial or otherwise. In this way, the museums are able to maintain their institutional pertinence.

Additionally, we argue that a special exhibition is also a field configuring event (FCE) that strengthens art as a cultural field and the museum as its structuring institution. The special exhibition fits Lampel and Meyer's (2008) description of a field configuring event as it provides a temporary space in which actors from diverse backgrounds assemble and exchange information, experience shared systems of meaning, generate social and reputational resources, and reinforce the identity and boundaries of museums as the authority in the cultural field. Lampel and Meyer (2008) point out that the role of a FCE changes as the field

evolves from emergence to maturity. When fields are at emergence stage, the FCE role is focused on uniting the organizations and individuals within the field with a common meaning system, rules, and standard of practice. When fields are approaching maturity, the FCE role is concentrated on field replication, that is “...expanding, refining, and solidifying beliefs and practices, as well as tracking and reinforcing field position relative to other fields and institutions” (Lampel and Meyer, 2008; 1029).

As we observed the art museum and its fashion exhibition, we realize that this single FCE involves replicating two maturing fields, the cultural field and the field of fashion. The special fashion exhibitions and their opening galas and balls function as a magnet that draws public's attention to these fields. The exhibitions attract a large volume of visitors to the museum who share a common interest in fashion and culture. The galas, on the other hand, are more concentrated on assembling important players within the field of fashion such as designers, magazine editors, publicists, journalists, models, and celebrities. Together, the special exhibition and its opening gala offer art museums the platform to communicate their values and manifest their central role in the valorization of cultural producers and products. They also provide a physical space in which the field of fashion can materialize and give its members the chance to meet and celebrate their membership to the field together. As a result, the legitimacy of both fields is invigorated.

Interestingly, the museum's special exhibition as a field configuring event also provides an opportunity for the transfer of symbolic capital from the cultural field to the field of fashion. The consecration power of museums as a cultural institution is used to consecrate designers in the field of fashion. As museums launch special fashion exhibitions, they confer their symbolic capitals, namely prestige and legitimacy, upon fashion designers who are the subjects of their exhibitions. The increase in the market value of the consecrated fashion designer and the cultural products they create reflects the field of fashion appreciation of the museum's symbolic capitals and recognition that the museum is the legitimate authority in aesthetic judgment across the fields of cultural production. In essence, the special exhibition allows both fields to mutually consecrate each other and reinforce their relative positions. Finally, the recognition and respect that an art museum can command for its consecration projects outside

of its own field make museum consecration all the more valuable as a resource. In the next section, we will demonstrate in detail how museum consecration becomes a valuable IBR for fashion designers.

### **5.2.3 Museum Fashion Exhibition and Consecration of Institution-Based Resource**

In this section, we look at contemporaneous and retrospective types of museum fashion exhibition and discuss their difference in terms of the legitimacy they impart. We then highlight how museum consecration creates a valuable institution-based resource (IBR) for fashion designers. We also argue that consecrated designers can use an IBR to obtain further resources and capitals. Lastly, we point out why some IBRs consecrated by certain museums are more valuable than others.

Art museums often explore various different topics in their special fashion exhibitions. For example, the museums can dedicate their exhibitions to the work of a single artist or multiple artists or to a particular theme and/or to a particular time period. Regardless of the topics of exploration, most museum fashion exhibitions usually fall within two categories: contemporary or retrospective. An art museum launches a contemporary exhibition when it wants to investigate the current work and development of living fashion designers. An art museum curates retrospective exhibitions when it wants to examine the work of a designer over a considerable period of time. Often, retrospective exhibitions are mounted after a designer has passed away, as the curators can avoid "...the challenge of interpreting a continuously evolving body of work" and can assess the designer's full contribution to the fashion industry (Romano in Salazar, 2011; 98).

The difference between contemporaneous and retrospective exhibitions is the legitimacy they impart. As we noted in Chapter 3, a retrospective consecration imparts a greater cultural legitimacy than a contemporaneous consecration because the cultural producers and products are considered to have 'survived the test of time.' Put differently, a contemporaneous exhibition consecrates a designer as one of many important *artists of the moment*; whereas, a retrospective exhibition consecrates the designer as one of many important *artists of all time*. Hence, it is observed that "one of the most powerful forms of cultural consecration for an artist is to be the subject of a retrospective exhibition by a major museum" (Heinich in Allen and

Parsons, 2006; 809). Even so, contemporaneous consecration has clear advantages. According to Lampel and Nadavulakere (2009), contemporary consecration increases the chance of the artist being retrospectively consecrated in the future. But perhaps more importantly to the designer, such exhibitions put the designer in a special category, thereby increasing his or her *current* value in the marketplace.

Furthermore, both types of museum exhibitions help museums to consecrate fashion designers as legitimate producers of cultural products. They effectively create a prestigious status distinction between the fashion designers who are consecrated and those who are not. They symbolically signal the superior ability of the consecrated designers to create fashionable goods and place them at the higher end of the social and professional stratification. Also, a museum fashion exhibition generates great publicity and increases the designers' visibility amongst peers and consumers who might buy their products. Accordingly, the symbolic advantages of museum consecration become a valuable IBR that enhances the consecrated fashion designer's prestige, status, and reputation as well as increases their market value and the prices of the cultural products they produced.

Furthermore, the accumulation of these favorable IBRs will multiply in a manner described by Merton (1968) as the Matthew Effect. The Matthew Effect describes a winner-takes-all phenomenon whereby high-status actors will get more reward and recognition for performing the same task as the lower status actors and that this disproportionate system of accreditation will continue in a virtuous cycle that favors high status actors over the low-status ones. As a result, the low-status actors will gradually lose out on the race for resource acquisition and market competition. Thus, the consecrated designers and their fashion houses can enjoy reduced rivalry in the market place as well as increased organizational longevity.

Based on the above, it is clear that the symbolic value of museum consecration and its positive impact on the fashion designers' commercial success makes it a highly valuable IBR that can hardly be reproduced or imitated by symbolically inferior consecrating institutions such as art galleries, department stores, and fashion brands. Resource based theorists believe that possession of strategic resources that are unique, rare, valuable and hard to imitate combined

with the capabilities to manage these resources will allow individuals and firms to gain competitive advantage over their rivals (Barney, 1991). We believe that museum consecration is a strategic resource unique to the consecrated fashion designers. We also advocate that the consecrated fashion designer can leverage and exploit their IBR to obtain further capitals, whether it is economic, social, cultural, or symbolic, and gain competitive advantages over their competitors. For example, a consecrated fashion designer can publicize the fact that he/she is the subject of a major art museum exhibition to his/her customers in order to improve his/her reputation and assure them of his/her product's cultural value and quality. The reputational advantage gained from museum consecration will increase customers' confidence in buying products made by the consecrated fashion designer as opposed to those made by an unknown designer.

However, we want to highlight the fact that the value of a museum consecrated IBR varies according to the symbolic capital accumulated by the consecrating museum. The more the consecrating museums accumulate symbolic capital, the greater is their consecrating power, and therefore the more valuable is their IBR. There are factors additional to organizational and cultural legitimacy previously discussed that allow certain consecrating museums to command more weight and respect for their consecrated designers and IBR than others. These are factors such as the prestige of their art collections (often consecrated by a historian of art); volume of visitors, local as well as foreign; attractive architecture; and substantial commercialization of artistic property held by the museums. Frey (1998) argues that these additional factors can elevate the status of a museum to a "superstar," setting it apart from the rest of other museums. The Louvre Museum in Paris, the Prado in Madrid, and the Metropolitan Museum of Art in New York are examples of art museums that have attained the superstar status by attracting visitors from around the globe with their masterpieces of art and impressive architecture, launching popular special exhibitions, and generating sizeable revenue for their local economies. The great prestige and high status of world-renowned superstar art museums makes any affiliations with them symbolically valuable. For these reasons, artists and IBRs consecrated by superstar museums are perceived to be far more respectable, prestigious, and valuable than those consecrated by lesser known museums. In the next section, we will try to study our theory of museum consecration and IBR in real life context.

### **5.3 Research Context**

Art museums and their fashion exhibitions are good research setting in which to observe our theories in action: museum as consecrating institution, special exhibition as ritual, field configuring event, and institutional maintenance mechanism, and the conversion of a museum's symbolic capital into institution-based resources. In our research, we examine fashion exhibitions launched by the Victoria & Albert Museum (the V&A) in London, UK and the Metropolitan Museum of Art (the Met) in New York, USA because of the similarity between the two museums, in terms of their age, types of fashion exhibitions launched, variety of their art collections, and their prestigious international recognition. These similarities allow us to make a comparable analysis.

Founded in 1852, the V&A is one of the leading museums of decorative art in Europe. The museum holds about 4.6 million art and design objects in its permanent collection within its 51,000 sqm premises in South Kensington, London. The museum has collections that span 5000 years of art from Europe, North America, Asia, and North Africa. The V&A also has a library called The National Art Library, which provides the public with fine and decorative arts references from many different countries and eras. The V&A is a non-department public body sponsored by the England's Department of Culture, Media, and Sports. Since the year 2000, the V&A has launched 18 fashion-related exhibitions, some of which have earned international acclaim and become traveling exhibitions to various museums around the world.

The Met was incorporated in 1870 and opened in 1872. It is the largest and most comprehensive art museum in New York, USA and one of the foremost in the world. The Met collects many kinds of art, ranging from classical antiquity to modern art as well as art from Africa, Asia, Oceania, Byzantine, and Islam. The museum has 19 curatorial departments and holds more than 2 million works of art in its permanent collections within its 190,000 sqm premises. The museum also has a network of 19 libraries and archives dedicated to various disciplines of art, but only one of them is open to the public. The Met is owned by a private corporation of Fellows & Benefactors comprising about 950 persons and is governed by a Board of Trustees. Since 2000, the Met has launched 16 fashion-related exhibitions, including "blockbuster" exhibitions such as *Alexander McQueen: Savage Beauty* and *Anglomania*:

*Tradition and Transgression in British Fashion.* Like the V&A, many of the Met's exhibitions have also become traveling exhibitions.

Together, the V&A and the Met attract millions of visitors each year. Based on their prestigious collections and longstanding history, both museums are considered legitimate and powerful authorities in art. It is observed that when the museums put works on exhibitions, these works become art, and their prices and the standings of their creators skyrocket (Ratnam, 2003). Due to the great impact that a museum has on the price of 'art' and the status of the artist it exhibits, many people often question the motives of art museums in launching fashion exhibitions: whether exhibitions are launched to recognize artistic merit or mainly for the commercial benefits of the designers and their fashion brands. In recent years, there have been a few controversial fashion exhibitions launched by art museums. The *Giorgio Armani* exhibition launched in 2000 by the Guggenheim after receiving a 15 million dollar donation from the designer is one the most notorious examples of such controversial exhibitions (Muschamp, 2000). By studying controversial exhibitions, we are able to gain further insights into the delicate relationship between a museum's legitimacy as a consecrating institution and the value of the IBR it can confer.

## **5.4 Methodology**

We conducted multiple case studies to learn how art museums consecrate fashion designers into artists and how such consecration confers valuable institution-based resources on fashion designers. We chose to study fashion exhibitions launched between the year 2000 to 2011 by the Victoria & Albert Museum and the Metropolitan Museum of Art because they are amongst the leading art museums of the world and provide information in English which made it possible for us to conduct our analyses. We selected 10 out of 34 fashion exhibitions launched which we believe are exemplar in our study on museum consecration of fashion designers and IBR. The selected exhibitions represent 30% of the total exhibitions launched by the two museums over an 11 year period. Additionally, we examined newspaper reviews of the selected exhibitions so as to gather impartial and complete account of these exhibitions.

### **5.4.1 Data Collection**

In order to build a rich case study, we collected both primary and secondary data. We collected primary data by making direct observation of exhibitions at the V&A whenever possible. Within the time frame of our research, we were able to visit three exhibitions at the V&A: *The Golden Age of Couture: Paris and London 1947-57*; *Hat: An Anthology by Stephen Jones*; and *Yohji Yamamoto*. We then compiled secondary data from the exhibition catalogues, the exhibitions' micro-websites, and the exhibition reviews by five leading newspapers: the International Herald Tribune, the New York Times, the Financial Times, the Independent, and the Guardian. The reviews by these leading newspapers are important to our study because they can have a significant influence on the public's perception of the exhibitions and, therefore, on the success or failure of museum consecrations of fashion designers. We use multiple data sources in order to triangulate and improve the validity and reliability of our study. We believe that the combination of direct observation of exhibitions and careful analysis of secondary resources can help us give a credible and confirmable account of museum consecration of fashion designers and IBR.

### **5.4.2 Data Analysis**

The first step of our analysis begins with organizing the exhibitions according to their characteristics (see Table 5.1). This leads us to see that there are two types of exhibitions: thematic or monographic exhibitions. In the second step of our analysis, we examine exhibition catalogues and websites for methods and bases which museums use to proclaim fashion designers as worthy artists and cultural producers. We compared evidences from the V&A and the Met in order to see if there are similarities and differences between their consecration methods. In the third step of our analysis, we examine the exhibition reviews published by the five leading newspapers based in London and New York in order to see if the museum's consecration of fashion designers is successful. We believe that positive newspaper reviews signify a successful consecration on the part of the museum to proclaim designers as artists while negative reviews hinder it. The newspaper reviews thus help to validate and triangulate our findings. Finally, we combined our direct exhibition observations with evidence from secondary data sources to draw conclusions about the value of IBR consecrated by art museums.

Fashion Exhibition	Museum	Consecration Type	Exhibition Topic	Designer in Special Focus	Touring Exhibition	Brands In or Out of Business ?	Year	Sponsor/ Promotional Partners
The Golden Age of Couture: Paris & London 1947-57*	V&A	Retrospective	Themed	Dior Balenciaga	Yes	Mixed	'07	Vogue/ Harvey Nichols, Claridges, Dior
Hat: An Anthology by Stephen Jones*	V&A	Retrospective	Themed	Jones	Yes	Mixed	'09	n/a
Anglomania: Tradition and Transgression in British Fashion	The Met	Retrospective	Themed	Westwood, McQueen, Bailey,	No	Mixed	'05	Burberry, Conde Nast;
Alexander McQueen: Savage Beauty	The Met	Retrospective	Monographic	McQueen	No	In	'11	Alexander McQueen™; Conde Nast, American Express
Versace at the V&A	V&A	Retrospective	Monographic	G. Versace, D.Versace	No	In	'02	Friends of the V&A
Chanel	The Met	Retrospective	Monographic	Chanel, Lagerfeld	No	In	'05	CHANEL, Conde Nast
Vivienne Westwood	V&A	Contemporary	Monographic	Westwood	No	In	'04	n/a
Yohji Yamamoto*	V&A	Contemporary	Monographic	Yamamoto	No	In	'11	n/a
Poiret	The Met	Retrospective	Monographic	Poiret	No	Out	'07	Balenciaga, Conde Nast
Ossie Clark	V&A	Retrospective	Monographic	Clark, Birtwell	No	Out	'03	n/a

\* Direct Observation of the Exhibition

**Table 5.1: Selected Exhibitions and Their Characteristics**

### **5.4.3 Findings**

We first present our general findings about the similarities and differences between exhibition catalogs produced by the Met and the V&A. We pinpoint the basis on which museums proclaim designers as artists. We further illustrate how museums' consecrations of designers are accepted or challenged by journalists as they produce exhibition reviews. We point out how the symbolic values of museum consecration are valuable IBRs for fashion designers. We report the issue of exhibition sponsorship and its negative impact on the legitimacy of museum as a consecrating institution and the value of museum's IBR. Finally, we provide discuss and conclusion of our findings.

#### **Catalog Similarities and Differences**

There are both similarities and differences in the way museums produce their exhibition catalogs. For instance, the structure of the catalogues produced by the V&A and the Met are quite similar. The exhibition catalogues for both monographic and theme exhibitions usually consist of three main parts. First, they focus on the designer's background information and explain his/her creative processes and influences on fashion. Second, they provide images (photographs or illustrations), which show the designers' signature styles, iconic pieces, and famous clients. Third, they either include interviews with the designers and their close colleagues to gain in-depth insight into the designers' work or explain why the designers' styles fit with the themes of the exhibitions. For monographic exhibition catalogues, the written text typically forms about 30% of the content while the rest is made up of images. Theme exhibition catalogues, on the other hand, contain much more written text because they must include additional information on various different designers and explain the context of the exhibition themes, present and historical.

Additionally, both the Met and the V&A often minimize or refrained from discussing the economic impact that the consecrated designers have on the commercial success of the fashion houses in which they work. Although the curators acknowledge that fashion designers that are subjects of their exhibitions are responsible for generating revenue and rejuvenating the fashion houses, they do not provide any business related data on the fashion companies or the fashion designers. Moreover, the information provided in the catalogues is concisely reproduced on the exhibition websites and delivered to online visitors in ways that are

designed to enhance their web experience and increase their interaction, like audio and video podcasts and games.

On the other hand, there is a difference in the way the Met and the V&A disclose exhibition sponsorship information. The Met is more transparent when disclosing information about sponsors of their fashion exhibitions. Sponsors of the Met's exhibitions are allocated space on the first page of the catalogue to express their intention and views about the exhibition. For example, in the sponsor's statement, Burberry wrote that the company see the Anglomania exhibition as "... a glorious salute to [its] heritage, as well as to the unparalleled range, diversity, and creativity of design in Great Britain today" (Bolton, 2006; 7). The company further emphasized the fact the exhibition is launched in the same year as Burberry's 150<sup>th</sup> anniversary and also that "...the exhibition and this catalogue highlight iconic looks from Burberry alongside those of [its] colleagues and countrymen in the UK fashion field" (Bolton, 2006; 7). The V&A, on the other hand, rarely states who its exhibition sponsors are. For example, in the preface of the Vivienne Westwood exhibition catalogue, Westwood wrote "[n]ever having found time to do a book, I had come to realize that the only way I would get round to it was to combine it with a retrospective of my work. When I spoke to the V&A about four years ago, they had already been discussing the very idea of a major exhibition of my fashion" (Wilcox, 2004). From Westwood's statement, it is unclear whether it is the V&A or Westwood herself that push for the launch of her exhibition. This ambiguity can lead many people to doubt V&A's motive in launching fashion exhibitions as they can generate symbolic and commercial benefits for the fashion houses in focus.

### **Museum Consecration Strategy**

We have established that museums employ two main strategies to consecrate designers as artists in their exhibition catalogs. First, museums will make the case that designers who are the subjects of their exhibitions have artistic qualities that merit recognition and respect. Second, the museums will try to validate their assertion that designers are artists by 1) contextualizing the designers in relations to their artistic peers and 2) highlighting the designers' significant influence on the field of fashion and linking them with their clients, who are famous fashion icons and celebrities. We will discuss these two strategies in detail and present examples in Table 5.2.

### ***I: Designer as Artist***

For art museums to display a work of art on their premises, the work must be art and its creator therefore an artist. Hence, art museums must be able to justify why fashion designers, whose works are exhibited at the museum, are important artists worthy of prestigious recognition. From our research, we find that art museums will try to show that fashion designers are artists by asserting 1) their talent, 2) their innovative approach to designing and making clothes, 3) the number of awards and amount of artistic recognition they have received, and 4) that they design mostly for the sake of art and less for commercial gain.

#### **Talent**

Talent is an important trait of an artist. The museum curators will provide evidence to convince their audiences that fashion designers have artistic talent so that the audiences accept him/her as worthy of their admiration and respect.

#### **Innovation**

Curators will also draw attention to some of the designers' significant innovations to solidify their claim of fashion designers' creativity. For instance, the curators Koda and Bolton (2005) point out that Gabrielle Chanel's creativity can be seen in the way she adapts men's clothing to make women's clothes more practical and simple, yet still elegant.

#### **Awards Received**

Curators will also list awards and honors the designers received as additional proof of "talent." Awards and honors are a form of cultural valorization that gives cultural value to cultural producers and products. Designers who received awards are perceived to be more talented than those who did not win any awards. Additionally, the more awards a designer received, the more he/she accumulates cultural and symbolic capital, and the stronger his/her position is as a legitimate cultural producer.

#### **Art for Art Sake**

Museums will try to establish fashion designers as legitimate artists by demonstrating that these individuals do what they do for the sake of art rather than for commercial gain. Often,

museums will try to minimize or altogether avoid discussing the business aspects of the fashion empires in which the designers are involved. We reason that museums keep their attention on the commercial side of fashion at minimum and focus more intensely on the creative side so that they do not have to enter the old debate on whether or not fashion is art. Steele (2008) observes that museums have traditionally been suspicious of fashion as a respectable form of art. She cited Gibbs-Smith (1976) and Taylor (1998) who explain that museums used to think of fashion as the “unholy byproduct of the textile industry” or a “vulgar commerciality and valueless, ephemeral, feminine style” (Steele, 2008; 9). By focusing on the artistic aspect of creating fashionable clothing, curators are trying to make fashion a worthy cultural product fit for museum display.

## ***II: Contextualizing Fashion Designers and their Influence***

Art museums will try to validate their assertion that fashion designers are artists and place them in context by 1) pointing out the designer’s collaboration with other well known designers and artists, 2) comparing the designer’s work with that of other great artists, and 3) informing visitors of compliments given to the consecrated designer by other great artists. These three techniques help art museums provide solid evidence to support their assertion of fashion designers as important artists whose works are accepted and appreciated by the wider artistic community. Furthermore, curators will highlight the designers’ important influence on the field of fashion by pointing out their 4) signature styles and 5) the fashion icons whom they dressed.

### Comparison to Other Artists

Museum curators will sometimes compare a fashion designer’s work and design philosophy with those of other great artists and couturiers of the past. We believe that such comparisons help the museums to legitimatize their claims on a fashion designer’s artistic abilities.

### Collaboration

Similarly, the collaboration between fashion designers and other artists across the field of cultural production helps to establish the fashion designers’ position as a significant artist whose works are valued across different artistic communities. Moreover, Ryan (2007) observed

that collaboration between the Prada brand and famous artists and architects like Sach, Gursky, and Rem Koolhaas allows the fashion brand to appropriate these artists' cultural capital and strengthen its own symbolic capital.

### Compliments

Compliments paid to the consecrated fashion designers by other leading artists can be seen as an informal form of professional recognition of the consecrated designers as competent artists. These compliments are important because they add to the consecrated fashion designer's symbolic capital.

### Influence on Style

Sometimes the work of a designer is so popular it is adopted as the style of the era. For example, Christian Dior created the 'New Look' that became the defining style of the 50's, and Gabrielle Chanel introduced the "little black dress" that continues to be the dress code of fashionable ladies even today.

### Influence on Fashion Icons

Fashion icons are important for fashion designers mainly for their patronage of the fashion house and the publicity they bring to the fashion designers. Patronage from royalties, first ladies, and famous actresses is crucial for launching a designer's career as well as his/her commercial success. Fashion icons are trendsetting individuals whose styles inspire consumers to imitate and buy the designer's products. Well known examples of female fashion icons and their fashion designers are Audrey Hepburn and Yves Saint Laurent; Michelle Obama and Jason Wu; Jackie Onassis and Oleg Cassini, and recently, The Duchess of Cambridge and Alexander McQueen.

**Table 5.2: Museum Consecration of Fashion Designers as Artists**

Strategy	Representative Data from Exhibition Catalogues and Websites
I: Designer as Artist	
Talent	<p>"[McQueen could literally create a dress on the spot- embroidery here, fabric there, chop this, and he would completely have it. He would cut on the stand. ... It was very 3-D, and when he did it three-dimensionally, it was always better because he's come up with new things.... we scanned into the computer the patterns of the garment that [he] had draped....[and] make paper dolls of each outfit because his patterns were so complex to visualize." (Bolton, 2011; 229).</p> <p>"What set [Yamamoto] apart from most other avant-garde designers is that his deconstructed clothes are based on his knowledge of patternmaking, draping, and tailoring techniques. Although Yamamoto is not officially recognized as a couturier, he has the skills to be one' (Kawamura in Salazar, 2011; 59).</p>
Innovation	<p>"While Versace's use of rubber and plastic was more of a provocative experiment than a serious fashion proposal, metal mash [which he co-invented] came to symbolize the apex of his creative ability in terms of materials' (Wilcox et al., 2002; 125).</p> <p>"Dress history credits Poiret with freeing women from corsets and with inventing such startling creations as "hobble" skirts, "harem" pantaloons, and "lampshade" tunics, ... [but more importantly] ...Poiret pioneered a radical approach to dressmaking that relied on the skills of draping rather than tailoring and pattern making. ... Poiret advocated clothing cut along straight lines and constructed of rectangles. It was an approach that effectively established the paradigm of modern fashion, irrevocably changing the direction of costume history." ("Poiret: King of Fashion," 2007).</p> <p>"Indeed, Yamamoto's new menswear silhouette – loose dark suit jacket, wide trousers and white T-shirt- became almost a uniform for the well-dressed man in the creative industries in the 1980s and '90s" (Salazar, 2011; 33).</p>
Awards Received	<p>"Westwood was elevated to the rank of 'Grade I' designer in Paris and in the same year was awarded the OBE by the Queen." (Wilcox, 2004; 26).</p> <p>Westwood design Hypnos collection in 1984 and it was "selected to be shown in Tokyo at Hanae Mori's 'Best of Five' global fashion awards, along with collections by Calvin Klein, Claude Montana, and Gianfranco Ferre." (Wilcox, 2004; 19).</p> <p>"More remarkable still, though, is the manner in which Alexander McQueen CBE (Commander of the Order of the British Empire) rose above any fairy-tale connotations, the sheer determination with which he defied, flouted, and fought endlessly against the unyielding British class system and relentless stereotyping." (Bolton, 2011; 17).</p>
Art for Art Sake	<p>"Westwood's motivation has clearly never been about commercial success- despite the fact that many of her ideas, such as the customized T-shirt, the tube skirt and printed and slashed denim were very marketable – she did not capitalize on them. (Wilcox, 2004; 31).</p> <p>"Even if [McQueen] knows what he wanted made no financial sense, he would do it. For [him], it was all about the [fashion] shows.... The ideas were what were important to him, the clothes were his canvas in a way." (Bolton, 2011; 24).</p>

Strategy	Representative Data from Exhibition Catalogues and Websites
II: Context & Influence	<p>“Chanel’s contribution to [making costumes for] these theater production were never anonymous. On the contrary, producers took care to publicize her participation, since her famous name boosted ticket sales.” (Garelick in Koda and Bolton, 2005; 24).</p>
Collaboration	<p>Great fashion designers of the past work closely with milliners who created hats to complete their outfit. Poiret often work with milliner Madeleine Panizon and Dior with Mitza Bricard. “Stephen Jones follows in this lineage of designer milliner creative partnerships, working with the key designers of his generation” (Cullen, 2009; 112).</p>
Compliments	<p>Sir Paul Smith said “Vivienne [Westwood] constantly comes out with new uninhibited ideas, which she turns into reality. Her collections are always adventurous, thought-provoking- and she definitely make a statement” (Wilcox, 2004; 32).</p>
Comparison	<p>“ Like one of Le Corbusier’s objet-types- graceful objects of everyday use that have been distilled by time – the No.5 [perfume bottle and packaging that Chanel designed] underwent a brief but intense evolution. The result was at once utterly modern and profoundly classical.” (Silver in Koda and Bolton, 2005; 32).</p> <p>“Yamamoto is a ‘sartorial revolutionary,’ a term first used widely in the media to describe Yves Saint Laurent on his death in 2008. Like Saint Laurent, Yamamoto showed us something new and he redefined what fashion should be” (Kawamura in Salazar, 2011; 54).</p> <p>“Yamamoto set the stage for a post-modern interpretation of fashion. His Japanese disciples have created their own companies and brands. Two of his former assistants are well established in Paris – Atsuro Tayama of A.T., and Hiroshige Maki of Gomme.” (Kawamura in Salazar, 2011; 67)</p>
Influence on Style	<p>“...the legacy of Dior’s ‘golden age’ is manifold. The rarified skill of couture in the post-war years set a standard for high dressmaking that has never been surpassed, ... The Post-war couture is incredibly associated with the New Look, a style that influenced popular fashion in a way that was unprecedented in fashion history, and sixty years on its memory still has great potency” (Wilcox, 2007; 210).</p> <p>John Galliano said, “It’s impossible to think of the bands, the music, and the spirit of both Punk and the New Romantics without Vivienne’s work.” (Wilcox, 2004; 16).</p> <p>“Fashion needed Chanel to bring it into the twentieth century, to align it with the advancing aesthetic principles of art and architecture” (Koda and Bolton, 2005; 11).</p>

Strategy	Representative Data from Exhibition Catalogues and Websites
Influence on Icons	<p>"Hats for the Royal family had to compliment their outfit and mark them out to their subjects, while also ensuring that their faces would not be obscured from any angle. [Stephen Jones's] hat [pictured below] worn by the young Princess Diana in the early 1980s sparked a wave of imitations" (Cullen, 2009; 108).</p> <p>"Throughout the 1990s the Princess of Wales developed a new assurance and sophistication; these worldly attributes were reflected in her taste for body-conscious evening gowns and chic, streamlined daywear. She increasingly wore Versace designs and especially liked his columnar dresses that were ideal for her tall, svelte physique" (Wilcox et al., 2002; 20).</p> <p>"Coco Chanel's legendary status in the world of haute couture is based not so much on the remarkably enduring appeal of her designs throughout a career that spanned more than half a century as it is on the manner in which she embodied the image of fashion that she created." (Troy in Koda and Bolton, 2005; 19).</p> <p>"During the two years Poiret worked at Doucet, he dressed many of the most famous actresses of the period, including Réjane and Sarah Bernhardt. When Poiret left Doucet and began working for the House of Worth in 1901, both actresses continued to patronize him, as they did when he opened his own atelier two years later" ("Poiret: King of Fashion," 2007; Koda &amp; Bolton, 2007).</p> <p>"When the right hat meets the right clients, the performance of wearing begins... One of Stephen Jones' most noted clients is Italian fashion editor Anna Piaggi, who has been wearing his hats since the 80s. Regularly photographed in the front row of international catwalk shows, Piaggi stand out from the crowd in her colorful ensembles, always topped off with Jones' hat." (Cullen, 2009; 96).</p>

**Table 5.3: Examples of Newspaper Exhibition Reviews**

Topics	Positive Comments	Negative Comments
Designer	<p>"In life, Alexander McQueen was the risqué rebel of fashion, a designer who occasionally struggled to juggle his extraordinary creativity with the demands of commerciality. In death, he has achieved a level of establishment acceptance that he could never have dreamed possible, even with his elastic imagination" (Freeman, 2011).</p> <p>"But with his love of the exotic, his brilliant use of color and pattern, and his penchant for simplified, almost rudimentary form, Poiret most resembles Matisse." (Smith, 2007)</p> <p>"Along with Biba and Mary Quant, [Clark] defined the mood of 60s London. Famous for his impeccable tailoring, his bias cut and his snakeskin cat-suits, he gave us maxi skirts and trouser-suits in crepe and silk chiffon and tweed" (Barton, 2003).</p> <p>"Westwood is the contemporary champion of British eccentricity: her clothes combine fearless non-conformism with a respect for tradition....After 34 years of restless innovation, she's being honoured by a grand retrospective of her work at the V&amp;A" (Chapman, 2004).</p> <p>"Jones is excellent fun, a little eccentric, and very smart, a lot like his hat in fact" (Cartner-Morley, 2009).</p> <p>"I confess that I have never bought a shred of [Yamamoto's] clothing, and yet he is one of the designers, of any discipline, that I most admire" (McGuirk, 2011).</p>	<p>"I can't see that [Gianni and Donatella Versace] exerted much influence or, really, made the sorts of innovations that entitle them to be considered by historians of fashion alongside Coco Chanel, Dior or Vivienne Westwood" (Hensher, 2002).</p>
Exhibition / Catalogue Content	<p>"One of the most valuable qualities of the exhibit is that it separates Westwood's work from her antics...to show her clothes for what they are: the products of a carefully conscious marriage of design and intellect that has evolved over time." (Friedman, 2004).</p> <p>"[the Poiret exhibition]... will transform your understanding of the origin of modern fashion" (Smith, 2007).</p> <p>"The [Golden Age of Couture] show wraps up with a fascinating 'family tree,' showing the interconnections among different houses" (Menkes, 2007).</p>	<p>"There is no reference in the show to Mr. Yamamoto's Japanese peers. Much as he might wish not to be bundled into a group, a museum's place is to inform and put an artist's work in context" (Menkes, 2011a).</p> <p>"For all its glitz and glamour, this exhibition fails to put Gianni Versace into a wider context. The same was true of Giorgio Armani when he was showcased at the Solomon R. Guggenheim Museum in New York two years ago" (Menkes, 2002).</p>

Topics	Positive Comments	Negative Comments
<b>Exhibition / Catalogue Content (continue)</b>	<p>"With its powerful sexual charge and a scurrilous element under an elegant exterior, "AngloMania" ... is a spectacular success: dramatic and exciting to look at, but also with a powerful undercurrent of intelligence" (Menkes, 2006)</p>	<p>"My point is: If you're going to deal with fashion as art, treat it as art, bring to it the distanced evaluative thinking, including social and political thinking that scholars routinely apply to art. Such an approach is standard in exhibition catalogs that accompany most Met shows, but not in the McQueen catalog, which, beautiful though it is, is heavy on pictures, skimpy on text" (Cotter, 2011).</p> <p>"Now comes the Met with its current Chanel-sponsored Chanel show, a fawning trifle that resembles a fancy showroom. Sparsely outfitted with white cube display boxes and a bare minimum of meaningful text, this absurdly uncritical exhibition puts Coco's designs alongside work by the current monarch of the House of Chanel, Karl Lagerfeld." (Kimmelman, 2005).</p>
<b>Installation</b>	<p>" The [Anglomania] show very cleverly puts outfits by Alexander McQueen, John Galliano, Vivienne Westwood and others in the museum's English Period Rooms, alongside mannequins wearing traditional 18th- and 19th-century clothes, showing how today's British designers are working within some very old traditions" (Freeman, 2006).</p> <p>"Olivier Saillard's design, a series of white boxes arranged in a Corbusier-style grid, is far and away the most dazzling feature of the show. It breaks with the convention, at least at the Met, of displaying clothes behind glass and often with a department-store lifelessness, and it conveys the sense of uniformity that was present in Gabrielle Chanel's designs" (Horyn, 2005).</p> <p>" [the Poiret show]... conveys quite a bit of his complex genius and his contradictory relationship with modernity. It displays 50 garments on mannequins (by Beyond Design) whose ovoid faces and cryptic features evoke Brancusi and Modigliani" (Smith, 2007)</p>	<p>" [the Anglomania exhibition] is a fabulous, confusing romp. It crams 65 mannequins into the Met's normally serene English Period rooms with effects -- and sound effects -- that are alternately lavish and helter-skelter, stunning and cacophonous, seductive and annoying. The show feels like hurriedly buried treasure, full of partly exposed, partly explained riches. Its shortcomings include dim lighting, disappointingly brief, poorly placed labels and overcrowding that makes it hard to see the garments either as wholes or in detail" (Smith, 2006).</p> <p>"Still, there is a problem, albeit one inherent in every costume exhibit: clothes are made to be worn on a body, and when they are taken off the body, though you may more easily see their beauty, they lose much of their power" (Friedman, 2004).</p>

Topics	Positive Comments	Negative Comments
Curator	<p>"Wilcox ...deserves plaudits for taking museum fashion back from the brink of celebrity worship and the glorification of living designers to an erudite but enjoyable experience" (Menkes, 2007).</p> <p>"Bolton is modest about his exceptional vision, but the senior curator Harold Koda praises the exhibition's cultural gravitas, energized by the edginess of Punk pieces and the juxtaposition of ancient and modern" (Menkes, 2006).</p>	<p>"Although Met officials say they had complete control over the show's organization, the fingerprints of Lagerfeld are everywhere and not just on his own ensembles, which constitute roughly a third of those in the [Chanel] show" (Rosenbaum, 2005).</p> <p>"[the chief curator] told me, he regards the [Chanel] show as "a test" of whether the Met can, in the future, put on one-person shows of designers who are still active.... But selecting what should be displayed at the Met is no job for journalists. The only thing that should matter is the curators' own judgment about what should be shown, in conformance with professional standards.... Control belongs in-house, not in the fashion house" (Rosenbaum, 2005).</p> <p>"And some of [the exhibition's] claims are questionable. Did Versace really invent, in the '80s, the "revolutionary vogue for crumpled linen" (as the book states) before the Japanese designers introduced creases and folds? And if, as Wilcox says, it was Versace who "brought a particularly Italian aesthetic to Paris," where does that leave Valentino? (Menkes, 2002).</p>

### **Newspaper Reviews: Co-Consecration or Desecration?**

Our analysis of newspaper exhibition review leads us to believe that they are good indicators of how well art museums are able to consecrating designers as artists. We found that the reviews are either written with positive, negative, or neutral tones. Neutral tone exhibition reviews appear to be more like simple fact-reporting articles rather than critical reviews (see Scott, 2010 for an example). Most exhibition reviews, however, take their stand firmly. We believe that positive exhibition reviews indicate a journalist's acceptance of the museum's claims about the designer as an artist while negative reviews challenge them. In their extremes, highly positive reviews can be seen as a form of the media's co-consecration of the fashion designers who are the subject of the museum's fashion exhibition; whereas, exceedingly negative reviews are a form of desecration.

We observed that journalists evaluate museum exhibitions mainly on 1) the exhibition content and 2) the exhibition design and installation. However, they will also express their opinions of 3) the designers who are the subject of the exhibition and 4) the curators who are in charge of organizing the exhibitions. While some exhibitions receive positive reviews for most of these four points of evaluation and many received mixed opinions. In table 5.3, we present examples of newspaper reviews according to their topic of evaluation and their tone. These reviews are strong evidence of journalists' opinions toward the exhibitions and of the fashion designers that the art museums are trying to consecrate.

### **Impact of Museum Consecration on Fashion Designers and Houses**

We found that museum consecration has a positive impact on a designer's status, reputation, publicity, and commerciality. Hence, we consider the symbolic value of museum consecration a valuable IBR for designers. Rosenbaum (2005) observes that even though Coco Chanel does not believe fashion to be art, "...the new "Chanel" exhibition at the Metropolitan Museum of Art [are] ... elevating to artistic status not only Coco's designs but also the less celebrated oeuvre of Karl Lagerfeld, the current master of the House of Chanel." Museum fashion exhibitions also generate good publicity for fashion designers and their brands. Kimmelman (2005) said of the Chanel show at the Met that "Chanel couldn't have bought better publicity." Sauers (2011) observes that not only did the Alexander McQueen show raise an estimated 14 million dollars for the Met, but it also generated great publicity for the fashion brand. The exhibition

attracted 661,509 visitors in three months, thus making it one of the top ten most visited exhibitions in the Met's 141 year history.

Most importantly, museum exhibitions can also positively affect the commerciality of the artists and their brand/product. For examples, Cooke (2008) commented that Viktor and Rolf should thank the Barbican for launching them a retrospective exhibition. She said "...even in the middle of a credit crunch, you can't buy publicity like this. Sales of Flowerbomb [the duo-designer's fragrance,] are about to hit a new high." Friedman (2006) reports that Christopher Bailey, Burberry's creative director, believes "[the Anglomania exhibition] puts British fashion in a different context - elevates it to an international pedestal. It shows the outsize influence British fashion has had on the world, and makes the point on a grand scale. It's got to have an impact [on the Burberry brand]." Kimmelman (2005) further points out that "Mr. Saatchi made millions recently selling Damien Hirst's shark, whose value was enhanced by the notoriety of 'Sensation,' [an exhibition by the Royal Academy of Art.]" Finally, we observed that the Yohji Yamamoto store in Bond Street, London, England had placed V&A Yohji Yamamoto's exhibition poster prominently on its window display (see Figure 5.1). We believe that the store wants to highlight the artistic importance of Yamamoto's work and urge people to visit the exhibition. More importantly, we believe the store is trying to imply to their customers that they are not just buying clothes; they are buying art. We believe that this behavior clearly demonstrates an attempt by the designer brand to convert the symbolic value of museum consecration into an economic one.



**Figure 5.1: V&A Poster on Yamamoto Shop in Bond Street, London**

### **The Issue of Exhibition Sponsorship**

Exhibition sponsorship is an important issue that should not be overlooked by the museums because it can negatively affect the museum's legitimacy as a consecrating institution and erode the value of its IBR. We find that when the sponsor and the subject of the museum exhibition are the same person or a close affiliate, it often causes a controversy for the museum. The public begins to question the museum's intention in launching such an exhibition: whether it has become a money-making enterprise without regards for curatorial standard or a promotional machine for the designers and their fashion houses. Hensher (2002) commented that "[i]t seems a clear tendency in museums now to link themselves with the worlds of high fashion and cafe society, in the hope that some of that glamour, or more precisely some of that money, will accrue to them." Kimmelman (2005) also points out, "the public wonders whose pockets are greased by what a museum shows, because there's so much money involved in art." Moreover, Hensher (2002) criticized the V&A and its Versace exhibition:

Versace, in short, represents a business much more obviously than a set of interesting aesthetic values. I have quite serious doubts about the kind of authority conferred on a multi-national business empire by an exhibition like this. It seems justifiable if, as in the case of, say, Vivienne Westwood, there is a sense of a real artistic personality working out ideas in clothes. But Versace is somehow too much of a money-making enterprise to justify this, and the clothes not original enough to reward the aesthetic examination.

The stigma associated with “self-sponsored” exhibitions can strongly and negatively affect the reputation and legitimacy of the host museum. Rosenbaum (2005) comments that

Substantially financed by the fashion house, "Chanel" is tainted by the same sort of self-interested sponsorship that brought notoriety to "Armani" at the Guggenheim Museum in 2000 and "Sensation," the 1999 Brooklyn Museum showcase for Charles Saatchi's collection. We expect better from the Met, an institution always admired as a guardian of professional standards.

Cooke (2008) is also disappointed by the Barbican's Viktor & Rolf exhibition that is “urging visitors to buy a scent called Flowerbomb, as if it, too, were some glossy magazine.” In fact, many people patronize art museums that mount these self-sponsored designer exhibitions as if they were “rentable exhibition halls” or a “fancy showroom” (Smith, 2000; Cuno, 2004; Kimmelman 2005).

Although designers who sponsored their own museum exhibitions still get the fame and glory from being the subject of a major art museum’s exhibition, their reputation is somewhat tarnished. The stigma of a self-sponsored fashion exhibition makes the designer appear vainglorious and their artistic capabilities dubious to many people. The cultural capital and the symbolic capital, such as prestige and high status, that are normally bestowed upon the subject of museum exhibitions appear to have been bought rather than merited by the designers. Hence, the stigma of a self-sponsored museum exhibition erodes the symbolic value of museum consecration that is otherwise a valuable IBR for fashion designers. Eventually, art museums that repeatedly launch uncritical designer-sponsored exhibitions will lose their legitimacy as consecrating institutions and render their IBRs worthless.

#### **5.4.4 Discussion and Conclusion**

We have examined the similarities and differences between the Met and the V&A in producing fashion exhibitions and catalogs. We discover that the two museums are able to consecrate fashion designers as artists by using two strategies. First, museums will try to establish the artistic quality of the fashion designers by highlighting their talents, their innovative designs and garment construction techniques, the awards they received, and that they designing for the sake of art. By pointing out the designer's talent, innovations, and the artistic awards he/she received, the museums can justify to their audiences that the chosen designer is worthy of recognition and respect.

The argument that designers design clothes for the sake of art and not solely for commercial gain is also very important for museums to proclaim them as artists. Witcombe (1995) explains that art for art's sake is a progressive modernist ideology of art that has dominated Western society's perception of what is art and what is an artist since early 20<sup>th</sup> century. It is an ideology that calls for freedom of artistic production and for art to be appreciated for its own intrinsic value and not because it contains hidden meanings or because it satisfies some kind of agenda. According to the progressive modernist, a person is an artist if he/she does not create objects to satisfy the demands of other people. By playing down the designer's obligation to produce products that cater to the public's taste, art museums can elevate the status of fashion designers from simple artisans to admirable artists of our progressive modernist society.

Second, museums will try to validate their claim that designers are artists by comparing them with other respected artists, pointing out the designer's collaboration with those other artists and the compliments they received from their peers, documenting the designer's significant influence on fashion, and alluding to the style icons whom they dressed. In so doing, art museums can provide a complete account of the designer as a noteworthy artist.

We also learn that newspaper reviews of museum fashion exhibitions are good indicators of how successful museum consecration of fashion designers is. A positive review represents a successful museum consecration of fashion designers; whereas, a negative review represents the media's challenge to the museum consecration project. Moreover, positive newspaper

reviews can also be seen as the media's co-consecration of fashion designers. Media co-consecration is good for the designers as it reaffirms the designer's premier status in the fashion industry.

Importantly, we found that museum consecration is a valuable IBR for fashion designers. Museum consecration confers symbolic capital such as prestige, status, and legitimacy on fashion designers and strengthens their overall reputation and commerciality. We theorized that the advantages of museum consecration will accumulate and multiply in a manner known as the Matthew Effect, favoring the consecrated designer over the unconsecrated. As a result, the consecrated fashion designers and their fashion houses will encounter reduced competition from their disadvantaged rivals and experience increased chances of career success and organizational longevity. Nevertheless, it is not easy for us to illustrate the Matthew Effect that museum exhibition has on the designer's reputation and commercial success. However, we can point out that designers and their fashion houses have become increasingly aware of the lasting economic impact that fashion exhibitions have on their brands and sales revenues and so they race to accumulate symbolic capital from museum fashion exhibitions and even to gain extra publicity from self-curated fashion exhibitions. The symbolic and economic benefit of mixing art with fashion for the designer brands must be sizable as many big name fashion houses such as Prada and Louis Vuitton have already started to build their own art foundations, art galleries, and art museums (Ryan, 2007; Lim, 2010).

Additionally, we come across the delicate issue of exhibition sponsorship that supports our theory that a consecrating institution must have strong institutional and cultural legitimacy to execute consecration projects successfully. The criticisms of the 'self-sponsored' designer exhibition are mainly that it often lacks the museum's critical appraisal and that it is a vehicle of self-promotion driven by the sponsor's commercial interests. Consequently, the stigma of 'self-sponsored' designer exhibition tarnishes the good reputation of the art museum. In particular, it undermines the public's trust in the art museum's curatorial independence and reduces the art museum from a respectable cultural and educational institution to a fancy exhibition space. Most ruinously, these 'self-sponsored' exhibitions weaken the art museum's

legitimacy as a consecrating institution and erode the present and future value of any IBR consecrated by the art museum.

We would like to point out that art museums can safeguard and strengthen their position as premier consecrating institutions of the art field by regularly launching erudite special exhibitions. We believe that the more museums launch high-quality special exhibitions, the more they can accumulate cultural and symbolic capital, the stronger is their power to consecrate, and the more valuable their IBR become. In truth, we observe that artists that are consecrated by superstar art museums like the Met or the V&A enjoy greater prestige, higher status recognition, enhanced reputation, and increase in market value relative to those who are consecrated by lesser known museums.

Consequently, we believe that our research contributes to the literature on ritual theory, field configuring events, and institutional theory. A special exhibition is an important ritual that repeatedly gives art museums the opportunity to communicate and interact with their public and fulfill their duties to impart knowledge to the wider public. A museum's special fashion exhibition is also a field configuring event that can gather art lovers and passionate fashionistas in one place, thus allowing the art museum to reinforce its institutional values and maintain its relevance and usefulness to these groups of people. As a result, special exhibitions can be considered as institutional maintenance mechanisms that strengthen both the field of art and the field of fashion.

There are a few limitations to our study. The shortcoming of any case studies is that it is difficult for the findings to be generalized in different settings (Yin, 1984; Siggelkow, 2007). Our theory of museum consecration and IBR is based on fashion exhibitions and newspaper reviews from the UK and the USA and so may not be the most accurate when applied in places like Asia and the Middle East, where culture, norms, and values are very different. We also did not try to quantify the economic value of museums' consecrated IBR because it was outside the initial scope of our study. However, we think that it would be very interesting for both academics and fashion industry professionals to see a future research that try to measure the economic value of the IBR consecrated by art museums. Finally, we hope that the insights from our study on art museums' consecration and IBRs will inspire other researchers to conduct

further studies on art museums' consecration of other kinds of artists, such as painters and sculptors or to compare the value of an art museum consecration with consecrations from other cultural institutions.

## CHAPTER 6: THE ROYAL WARRANT AS AN IBR

*"For us, the Royal Warrant is like the 'Cherry on Top.'*

*--President of a Royal Warrant Company*

### 6.1 Introduction

In this chapter, we are interested in examining the British royal warrant as an institution-based resource (IBR). We argue that the royal warrant confers valuable symbolic capital on its holders, capital that can be converted to other forms of capital to further the holder's own interests. Consequently, we advocate that the royal warrant is a strategic resource and a source of a firm's competitive advantage. To support our arguments, we have organized the chapter as follows. First, we give a theoretical explanation as to why the British monarchy is a premier consecrating institution. We then examine the history of the royal warrant and explain the requirements which firms must fulfill in order to obtain this royal recognition. We point out that the royal warrant works differently from celebrity endorsements and detail how its symbolic capital brings valuable advantages to its holding firms. Next, we present our hypotheses about the way firms can strategically use their royal warrant to gain competitive advantages. In our methodology section, we detail our data collection and analysis process and report our findings and discussion. Finally, we end the chapter with some insightful conclusions.

### 6.2 Theoretical Overview

In this section, we will present the theoretical grounds that support our arguments that the British monarchy is a premier consecrating institution and that the royal warrant is a strategic and valuable IBR for warrant holding firms. We will also discuss our hypotheses about the ways in which firms can strategically use their royal warrant to gain competitive advantages over their rivals.

#### 6.2.1 The British Monarchy as the Consecrating Institution

The British monarchy is Britain's foremost consecrating institution. Traditionally, the monarch will award recognitions to honor his/her subjects for their loyal services to the Crown and country. The royal recognition is given in many different forms, such as medals, decorations,

and awards, and in an ordered format so as to signify the types and levels of the subject's achievement and service ("the British Honours System"). For example, The Most Excellent Order of the British Empire is given to individuals in recognition for their distinguished services in the arts and sciences as well as public welfare. The Order has five hierarchical classes in descending order as follows: GBE, KBE/DBE, CBE, OBE, and MBE. Some royal recognition such as peerage is hereditary while most others are granted specifically to an individual. In most cases, the royal recognition is granted to individuals for their services to the country, and only a few are granted to individuals for their direct service to the Crown. The royal warrant is one of these few recognitions granted to the suppliers of the royal household.

As an institution, the British monarchy possesses strong normative and cultural legitimacy which enables it to legalize governments, to bestow titles of nobility and medals of honors upon its subjects, and even to influence their subjects' tastes. Suchman (1995: 579) explains that the normative legitimacy of an organization comes from constituents' "...positive normative evaluation of the organization and its activities." Constituents will accord an organization with normative legitimacy when it perceives the organization to be "doing the right thing." Parallel to Suchman's (1995) concept of normative legitimacy is Weber's (1964) three sources of political legitimacy: charismatic, rational-legal, and traditional authority. Based on Weber's (1964) arguments, an institution such as the monarchy may gain its legitimacy from its charismatic leadership, established law and customs, and from the fact that it has been in existence for a long time.

Accordingly, we believe that the British monarchy acquires its normative and political legitimacy through its great and longstanding history as the country's ruler dating back more than a thousand years. To name a few of its achievements, at one time the British monarchy built and ruled the world's largest empire, endured and triumphed over difficult times during World Wars I and II, and finally emerged as one of the most recognized and respected constitutional monarchies in the 21<sup>th</sup> century while many of its counterparts in Europe and the rest of the world were uprooted. Today, despite the changes in Britain's political structure, the British monarchy continues to occupy the highest status level in the commonwealth. It is still the most prestigious institution in the United Kingdom and it retains the power to legalize governments and consecrate entities under its realm.

Furthermore, we believe that the British monarchy has also accrued much of its cultural knowledge and symbolic capitals over the course of its history and has consistently been one of the country's most influential tastemakers. According to Bourdieu (1993), agents of the dominant class have the bourgeois type of cultural legitimacy to validate artists and their work because they possess cultural capital – a trained ability to appreciate and appropriate art. As a premier agent of the dominant class, the British royalty therefore, has the cultural legitimacy to judge cultural producers and their artistic products and gain respect for their artistic judgments from their subjects.

Collectively, the normative and the cultural legitimacy of the British monarchy enables it to be a powerful and legitimate political and cultural consecrating institution. Consequently, when the British royal family grants the royal warrant to regular suppliers of its royal household, it is able to legalize these suppliers in the eyes of public and to confer some of its symbolic capital, namely prestige and status, on these firms. The symbolic capital of the royal warrant makes it a valuable IBR for the warrant holding firms. In the following sections, we shall examine the royal warrant in detail and discuss how the firms can use it strategically to gain competitive advantage.

### **6.2. 2 What is the Royal Warrant?**

In England, it has been a traditional practice of kings and queens to grant recognition in the form of royal charters and royal warrants to regular suppliers of their households. The earliest recorded royal recognition was granted to a weaver company that supplied King Henry II in 1155. Throughout British history, royal recognition bestowed upon individuals and companies has been highly sought after and prized (Heald, 2003; Heald, 1989).

It is important to emphasize that the royal warrant is not a quality award in itself. As the Royal Warrant Holder Association states, the royal warrant is “a mark of recognition to individuals or companies who have supplied goods or services for at least five years to HM The Queen, HRH The Duke of Edinburgh or HRH The Prince of Wales” (“The Royal Warrant”). Although the royal warrant does not necessarily mean that the products or services are the best in their class, most people believe that they are the finest in the country since the royal family always has the honor of getting “the best pick of the crop.”

As a symbol of preference from the leading household of the United Kingdom, the royal warrant automatically acts as a kind of quality certification in the minds of stakeholders like consumers, suppliers, investors, and employees. The royal warrant often serves as a mark of prestige and excellence and enhances companies' reputations for quality and traditional value. As the Royal Warrant Holder Association states on its website, "[royal warrants] have always been regarded as demonstrating excellence and quality, and are highly prized" ("The Royal Warrant").

The royal warrant reached its pinnacle of importance and prestige during the reign of Queen Victoria who granted more than 2000 warrants over the course of her lifetime (Heald, 2003). During this time, the royal warrant has become Britain's ultimate symbol of quality and service excellence. The royal warrant holders frequently display the royal arms on their stationary, premises, vehicles, and packaging to advertise their businesses and to establish their royal connections in the minds of consumers (see Figure 6.1). In fact, the royal warrant was such a valuable quality symbol to its holders that policing measures had to be taken to stop merchants from falsely claiming that they were bona fide holders of the royal warrant (Heald, 2003).

Presently, under the reign of Queen Elizabeth II, there are about 850 royal warrant holders in the UK and internationally. Royal warrant holders comprise of local tradesmen, small family companies, and multinational corporations, thus representing a cross-section of trade and industry. As of 2010, there are 59 categories of goods and services supplied to the royal household ranging from fine food, clothing, household goods, and services to animal and farm care products. The royal warrant holders today continue to proudly display their warrants on products, premises, stationary, and websites.

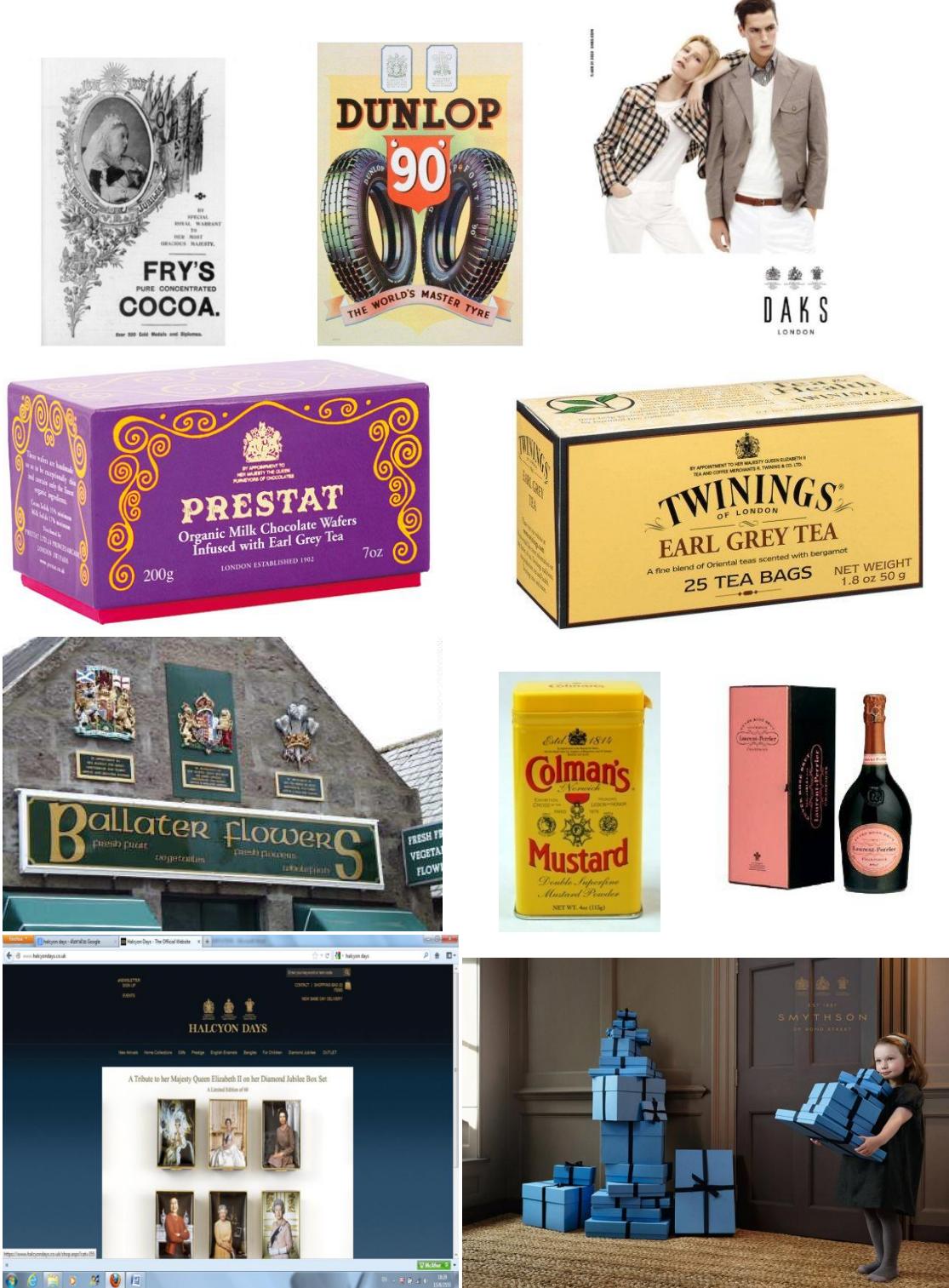
About 95% of the entire royal warrant holders join the Royal Warrant Holder Association (RWHA), an organization that serves as the link between the royal household and the royal warrant holding companies. The RWHA is also responsible for implementing the rules that govern the use of royal warrant, known as the Lord Chamberlain's rules, and ensuring that display of royal arms is restricted to bone fide royal warrant holders. Additionally, the RWHA hosts an annual banquet dinner and provides social activities to its members. The RWHA has also set up a trust fund that awards scholarships to foster British craftsmanship (Heald, 2003).

## **Requirements**

To qualify as a royal warrant holder, a company must have been supplying goods or services to the household of the Queen and the Duke of Edinburgh and/or the Prince of Wales for at least five consecutive years. Each of these three “Grantors” has his/her own royal arms (see Figure 6.2), and is allowed to grant one warrant per company. It is possible for a company to be granted all three different warrants, although most will be granted only one or two warrants. Royal warrants are given only to tradesmen and are not available to other professions. There is no cost associated with receiving the royal warrant. The royal warrant is a form of recognition that cannot be bought or sold (“Earning the royal seal of approval”).

The royal warrant is granted to a named individual, “the Grantee,” who must be either an executive director or partner of the company. Each grantee must personally ensure that the warrants are used appropriately. Although the warrant is granted to the individual, the firm that he/she works for can enjoy its prestige and symbolic status. The grantees’ firms can use the royal arms and the legend “By Appointment” on their companies’ packaging, stationery, premises, vehicles, and advertising but must abide by the strict rules governing the use of the royal arms.

Every five years, the Lord Chamberlain, the chief officer of the royal household, will review the status of the warrant holders and advise the grantors whether to continue or withdraw their warrants. Warrant holders may lose their warrants if 1) the Grantee dies or leaves the company; 2) the company has gone through major changes (mergers, acquisition, liquidation); or 3) the companies’ goods and services are not up to standard, no longer manufactured, or required. Each year, there are about 20-40 warrants withdrawn but approximately the same number of new warrants are granted (“The Royal Warrant”). When a warrant is withdrawn, the company has twelve months to remove the royal arms from its premises, packaging, vehicles, stationery, and advertising. In the event that the Grantor dies, the warrant will be cancelled five years after his/her death. During these five years, the company may change the legend wording to “By Appointment of the late....”



**Figure 6.1: Display of the Royal Warrant on Advertisement, Packaging, Premises, and Website**



HM The Queen



HM The Queen



HRH Duke of Edinburgh



HRH Prince of Wales

**Figure 6.2: Specimen of the Royal Arms**

#### Royal Warrant vs. Celebrity Endorsement

We observe that the royal warrant works differently from a celebrity endorsement. Unlike celebrities, the royal family need not have attributes that match the product/service to which it grants recognition or patronage. The monarch does not lose her credibility when she grants royal warrants to a wide variety of product/service firms. The common view that consumers have about any royal warrant products/services is that “If it’s good enough for the Queen, it’s good enough for me.” In contrast, consumers usually question the credibility of celebrities when they endorse products/services. Many studies indicate that celebrity endorsement works well when there is a fit between firms’ products/services and the celebrities’ area of expertise and attributes such as trustworthiness and attractive physical appearance (Kamins, 1990; Till and Shimp, 1998; Erdogan, 1999). Examples of a fit between the endorser and the endorsed products are famous athletes like Tiger Woods and Michael Jordan endorsing sporting equipment; popular celebrity chefs like Jamie Oliver endorsing kitchen appliances and food products; and attractive models and actresses like Kate Moss and Nicole Kidman

endorsing cosmetics, clothing, and jewelry. When celebrities endorse products outside their area of expertise or those that counter their attributes and principles, their credibility is weakened, if not lost. For example, when celebrity chef Darren Simpson starts endorsing the fast food chain KFC, many people in the culinary community criticized his endorsement as countering his dedication to quality and the promotion of healthy-eating in his award-winning restaurant La Scala (Halliwell, 2011). Hence, the royal warrant's ability to gain widespread consumer trust is a valuable resource for the firms.

### 6.2.3 Royal Warrant as a Valuable Institution-Based Resource

Consecration	Institution-Based Resource	Resource Conversion	Strategic Resource (Barney, 1991)
<ul style="list-style-type: none"> <li>• Symbolic Capital           <ul style="list-style-type: none"> <li>-Prestige</li> <li>-Status</li> <li>-Legitimacy</li> </ul> </li> <li>• Cultural Capital</li> <li>• Social Capital</li> </ul>	<p>Enhancing Firm's Symbolic and Cultural Capital</p> <p>↑ Legitimacy ↑ Credibility ↑ Prestige ↑ Status ↑ Reputation ↑ Visibility + Matthew Effect (Merton, 1968)</p>	<ul style="list-style-type: none"> <li>• Converting Symbolic to cultural, social, and economic capital (Bourdieu, 1986)</li> </ul>	<ul style="list-style-type: none"> <li>• Rare</li> <li>• Valuable</li> <li>• Inimitable</li> <li>• Hard to substitute</li> </ul>
The British Monarchy	Royal Warrant	Institution-Based Resource	Competitive Advantage
Consecrating Institution	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Firms</li> </ul>

**Table 6.1: Symbolic Capital Transfer from the British Monarchy to the Royal Warrant and Holder Firms**

We argue that the royal warrant is an IBR because its existence and significance are tied to the institution that consecrated it: the British monarchy. The royal warrant derives its value, prestige, and eminent status from the British monarchy and transfers them to the royal warrant holding firms (see Table 6.1). As a result, the royal warrant is considered a valuable

IBR that brings many valuable symbolic advantages to its holder firms. Furthermore, the symbolic value of the royal warrant can be converted into other forms of capital and used by holder firms as a strategic resource to gain competitive advantage. In this section, we will discuss in detail the advantages that royal warrants bring to firms and explain how the royal warrant is a strategic resource and source of competitive advantage.

The first symbolic advantage of the royal warrant is that it helps legitimize royal warrant firms in the eyes of stakeholders and makes them more attractive to do business with. As we previously discussed in Chapter 3, legitimacy is a valuable resource because it justifies firms' actions as legitimate, makes firms credible and trustworthy, and in the long run contributes to a firm's survival and longevity (Meyer & Rowan, 1977).

Second, the royal warrant heightens firms' prestige and status and improves their positions in the market place. In particular, prestige and status are symbolic capital that can positively affect a consumer's perception of the firms and allow them to be in a better position to obtain business deals compared to their rivals. Sine et al. (2003) found that prestige helps to positively influence a buyer's perception of the firm's product value and quality. It also makes the firm more visible and credible to buyers. Additionally, prestige attracts stakeholders to the firms because they believe that interaction with prestigious firms will enhance their own prestige. Poldony's (1993) research on status also suggests that it can influence a customer's perception of a firm's product quality and price. Customers perceive firms to produce and price their products according to their status, even though firms may not actually produce product quality that matches their status. High status firms are thought to produce high quality products and are expected to charge higher prices while low status firms are thought to produce lower quality products, which, therefore should be priced less expensively. As a result, firms that are able to convey a positive perception of themselves will be at an advantageous position to compete in the market place.

Third, the royal warrant helps strengthen a firm's reputation which is a symbolic capital and an intangible asset that can be a source of a company's sustainable competitive advantage. The royal warrant boosts a firm's reputation by enhancing both antecedents of its reputation: prominence and perceived quality (Rindova et al., 2005). The prestige and high status attributes of a royal warrant have a positive impact on the prominence aspect of reputation. As

a material symbol of the royal family's preference, the royal warrant signals to peers that a firm's products/services are the best in their class, thus having a positive impact on the perceived quality aspect of a firm's reputation. Additionally, Shamsie (2003) argues that firms that learn to develop and to exploit their reputation can gain a dominant position in their marketplace and triumph over their rivals.

Fourth, the royal warrant gives firms the opportunity to network with other royal warrant holding firms with which they may otherwise have never come into contact. The royal warrant association meetings provide opportunities for firms to acquire social capital, build up networks, form new partnerships and find new clients.

Fifth, we believe that the above advantages which firms received from the royal warrant will accumulate and multiply in a manner known as the Matthew Effect (Merton, 1968). Based on Merton (1968), high status firms will get greater recognition and reward for doing the same task as lower status firms and that the market will continue to favor high status firms in a virtuous cycle. As a result, high status firms will accumulate greater and greater resources as the lower status firms are eventually forced out of the competition as their access to resources become increasingly limited.

Lastly, we believe that the royal warrant can be considered a source of competitive advantage as it meets the criteria of a strategic resource outlined by Barney (1991). Barney (1991) classifies a resource as strategic when it is valuable, rare, durable, and hard to imitate or substitute. The royal warrant is a valuable resource to firms because it enhances a firm's symbolic capital such as prestige, status, legitimacy, and reputation. The royal warrant is a rare resource because it is granted to only a limited number of firms that consistently supply their goods and services to the royal household for at least five consecutive years. Moreover, the royal warrant is a relatively durable resource. Once the warrant is granted it remains valid for five years at the end of which time it is reviewed and often renewed to firms, given that they consistently deliver products/services needed by the royal household. Finally, the royal warrant is a prestigious form of recognition that can hardly be imitated or substituted because although there are many other institutions that consecrate awards and recognitions in the UK, these alternative institutions are not nearly as prestigious or respected as the monarchy.

According to the resource-based view of strategy, firms that possess strategic resources and

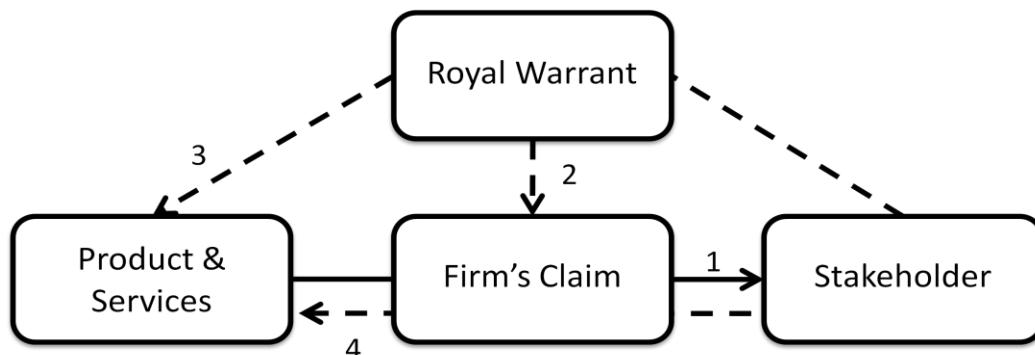
develop capabilities to manage them will be able to gain sustainable competitive advantage over their rivals. In our research, we found that many warrant firms gained competitive advantage over their competitors by developing capabilities and planning their strategies to acquire reputational and economic benefits from the symbolic value of the royal warrant. In the next section, we will examine exactly how warrant firms make strategic use of their IBR.

#### 6.2.4 Firms' Strategic Use of the Royal Warrant

In this section, we draw upon the earlier discussion of value and advantages of the royal warrant detailed in sections 6.2.3 and 6.3.2 to build hypotheses about how firms can strategically use the royal warrant to gain competitive advantages over their rivals. We hypothesize that firms can strategically use their royal warrant as a promotional tool. In particular, we believe firms use the royal warrant to strengthen their claims when promoting their products/services and also to attract relevant stakeholders to their businesses. Furthermore, we hypothesize that the type of firms and the kinds of goods/services they offer can affect their use of the royal warrant to promote their businesses. We will discuss our hypotheses in detail below.

##### **Hypothesis I: Firms use the royal warrant to promote their businesses**

As a symbol of preference from the royal family, the royal warrant signals the premium quality of a firm's products and services. In Figure 6.3, we try to visually illustrate the process in which the royal warrant validates a firm's claims about the quality of their products/services.



**Figure 6.3: How the Royal Warrant is used to Legitimize Claims**

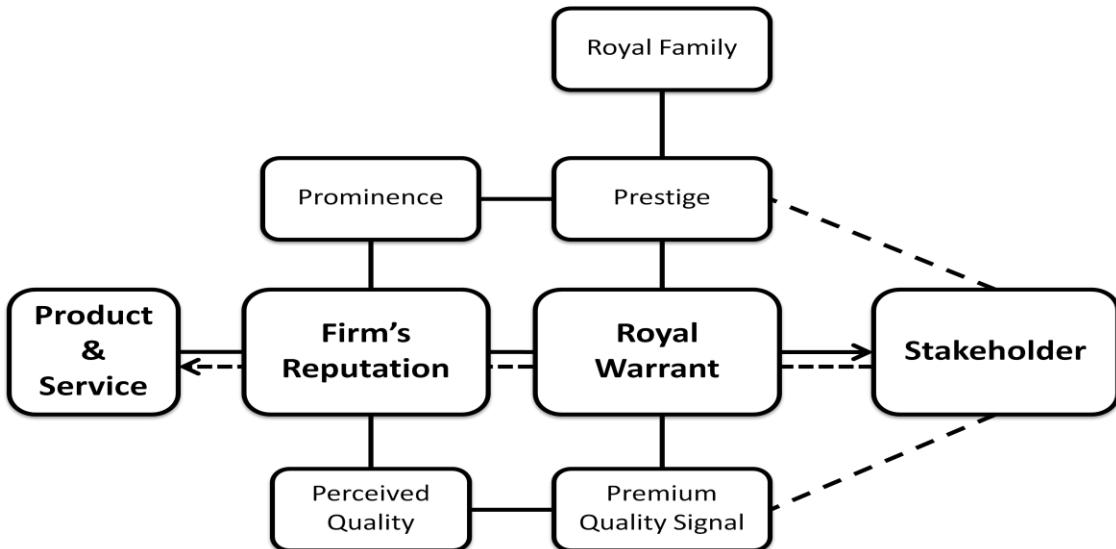
First, firms make claims about their products/services to stakeholders. Then, firms will show their royal warrant, which acts as a prestigious signal of premium quality and approval from a highly legitimate source (British monarchy) to validate their claims. Afterwards, stakeholders evaluate firms' products/services in light of the fact that they earn the royal seal of approval and then decide to undertake transactions with the firms. In this way, the symbolic values of the royal warrant are able to help firms to strengthen and legitimize their products/service quality claims and allow firms to establish credibility and trustworthiness among their

customers. Accordingly, we argue that firms that perceive the royal warrant to be a prestigious and effective quality symbol will want to use it to promote their businesses to stakeholders. Hence, we hypothesize that

H1.1: The more firms perceive the royal warrant to be a prestigious quality symbol, the more likely they will use it to promote their businesses

H1.2: The more firms perceive the royal warrant to be an effective quality symbol, the more likely they will use it to promote their businesses.

## II: Firms use the royal warrant to attract stakeholders to their businesses



**Figure 6.4: How the Royal Warrant is used to Attract Stakeholders**

As a prestigious symbol of recognition that is widely recognized in the UK and internationally, the royal warrant positively affects its holder firms' reputations and makes those firms attractive to stakeholders. In Figure 6.4, we try to illustrate how the royal warrant affects a firm's reputation and influences a stakeholder's perception of the firm. We believe the royal warrant positively affects both antecedents of a firm's reputation: prominence and perceived quality of product/service (Rindova et al., 2005). The royal warrant's prestige enhances a firm's prominence and improves the second antecedent of a firm's reputation by simultaneously

signaling the premium quality of products/services offered by the firms to stakeholders. As a result, the royal warrant is able to improve a firm's overall reputation and positively influences stakeholders' perception of the firm. Furthermore, we argue that firms realize the symbolic importance of the royal warrant in influencing stakeholders' perception of the firms and attracting them to their businesses. Hence, we hypothesize that

H2.1: The greater firms' perception of the royal warrant as a prestigious quality symbol, the greater is their perception of the royal warrant's ability to attract stakeholders to their businesses

H2.2: The greater firms' perception of the royal warrant as an effective quality symbol, the greater is their perception of the royal warrant's ability to attract stakeholders to their businesses.

### **III: Firms' decisions to use the royal warrant to promote their businesses depends on the types of firms and the goods/services they offer**

We hypothesize that family-own firms are more likely to use the royal warrant to promote their businesses than non-family firms. Family firms are often smaller in size, have less capital to invest in marketing campaigns and so rely more heavily on free publicity. Furthermore, the owning family may develop great loyalty to the royal household which makes them emotionally attached to their royal warrant. Thus, family firms may be more likely to use the royal warrant to promote their business in comparison to non-family firms with bigger budgets and less personal sentiment. Hence, we hypothesize that

H3.1: Family firms are more likely to use the royal warrant to promote their businesses than non-family firms

Moreover, we hypothesize that firms will reap unequal benefit from the royal warrant's symbolic capital depending on the type of goods/services they offer. Godsell (2007) comments that the advantages of the royal warrant may vary by industries. She argues that champagne and jewelry suppliers may enjoy greater benefits from royal association than may Weetabix, Heinz, and Coca-Cola because the royal warrants can enhance the prestige of their brands and products. We agree with Godsell (2007) that luxury product and service firms may enjoy

greater benefits from the royal warrant than non-luxury firms because the unique and distinctive prestige gained from association with the royal family fits well with the luxury image of the firms. Consequently, we try to investigate this point by categorizing firms into two different categories based on the types of goods/services they offered. There are many ways in which to categorize goods and services, but to simplify our research, we will only use two categories: Veblen and Ordinary. ‘Veblen’ goods are defined as goods which people’s preference for consuming increases as their price increases. The higher the price, the more people would like to buy the goods because possessing them allows the consumer to attain higher social status. ‘Ordinary’ goods are defined as goods which people’s preference for consuming increase as their price decrease. We think that firms that sell Veblen goods/services are more likely than Ordinary goods/services firms to benefit from the royal warrant’s prestige and elite status because it can directly enhance their luxury brand image and appeal to their conspicuous and status-conscious customers. Hence, we hypothesize that

H3.2: Veblen goods/services firms are more likely to use the royal warrant to promote their businesses than Ordinary goods/services firms.

In the next section, we will explain our methods in collecting data and testing our hypotheses. We will report our statistical findings and present insightful qualitative data from our interviews. We will also discuss some important implications and limitations of our study.

## **6.3 Methodology**

### **6.3. 1 Data Collection**

Eisenhardt (1989) points out that researchers often use case studies to provide description, test theory, or generate theory. In our case, we conduct a case study on the value of the royal warrant for businesses in order to generate and test our theory of the IBR. To enrich our case study, we decided to collect both quantitative and qualitative types of data. To collect quantitative data, we chose to conduct a survey. We surveyed the population of royal warrant holders who are members to the Royal Warrant Holder Association (RWHA). In 2010, there were about 850 royal warrant holders. Out of these 850 warrant holders, only about 5% did not join the association<sup>2</sup>. This brings the total of our survey population down to about 800 member firms. We were able to send the survey out to 736 companies that provide their names and contact information on the RWHA's website. We received 135 survey responses back. Therefore, the response rate is calculated at  $135/736 = 18.34\%$ . Out of the 135 responses, 2 were incomplete and therefore were omitted from our analysis.

The survey was made available in both paper and electronic format. A sample of the survey questionnaire is included in Appendix 2. We sent out the survey along with a cover letter and a self-addressed return envelope. Most respondents chose to complete the survey in the paper format (112 respondents) and only 23 respondents completed the survey online. We did not send reminders to firms to complete the survey because the Royal Warrant Holder Association discouraged us from doing so. RWHA did not encourage us to conduct the survey and told its members not to respond to our surveys. Despite this, however, we still received a considerable number of responses from its members. Looking at this situation in hindsight, we thought that it might have been the best we could hope to achieve in data collection. This is because if we had asked for RWHA permission, we may never have gotten their approval and, therefore, would not have been able to continue with the study at all. Moreover, we reason that if the RWHA had granted us permission, the result would probably look very similar to what we have now.

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<sup>2</sup> <http://www.royalwarrant.org/faqs/?topic=general>

To collect qualitative data, we conduct semi-structured interviews with some of the royal warrant holder firms. We choose to interview royal warrant holding firms that are based in and around London area because 1) London has the highest concentration of royal warrant holders and the most diverse types of companies, and 2) a limited research budget. We were able to conduct 13 interviews in total. All of our interviewees are either at managerial level and/or the business owners themselves. The interviews were conducted either in person or over the telephone. The majority of the interviews were conducted in person. The telephone interview usually lasts between 15-30 minutes while the in person interviews usually last between 30-60 minutes with an invitation to visit the interviewee's business premises like offices, stores, or factory.

Also, we visited a number of royal warrant holding stores around London that did not respond to our survey in order to observe how they may have used their royal warrant to further their business advantages. Additionally, we validate and triangulate our survey and interview data by examining secondary resources such as books, newspaper articles, companies' websites, and a documentary from ITV about the royal warrant and its holding firms.

### 6.3.2 Data Analysis

**Qualitative Data:** We use grounded theory as a framework to analyze our qualitative data. Bryman (2004) and Seal (2006) explain that grounded theory was developed by Glaser and Stress (1967). Grounded theory advocates four main tools for analyzing qualitative data: theoretical sampling, coding, constant comparison, and theoretical saturation. Our examination of the royal warrant as a case study is a theoretical sampling in that it allows us to collect and analyze data that is relevant and meaningful to our IBR theory. We began to analyze our interview data by transcribing and coding it into common categories or themes. We then cross examined the primary qualitative data we collected from our interviews, observations, and survey with secondary sources such as books, newspaper articles, and a documentary in order to validate and triangulate our findings. This constant comparison of the collected data against our IBR theory allows us to arrive at a theoretical saturation point where

no new data adds to the development of our categories and our theory that the royal warrant is an IBR.

**Quantitative Data:** To analyze our survey data, we use the SPSS statistic analysis program. We ran a descriptive analysis of survey responses and scanned for a significant relationship between variables by conducting correlation analysis. We use ANOVA and Independent t-test to test our hypotheses. ANOVA is a statistical analysis that allows the researchers to examine the difference between the means of several groups of participants in order to identify the significant factors that affect their experiences. Similar to ANOVA, the independent t-test is a statistical analysis that allows researchers to examine the difference between the means of two groups (Field, 2005).

### Measures

*Prestige* –We measured a firm’s perception of the royal warrant’s prestige as a quality symbol by asking firms to rank their opinion on a five point scale, ‘1’ being extremely prestigious and ‘5’ being not prestigious at all.

*Effective* – We measure a firm’s perception of the royal warrant effectiveness as quality symbol by asking them to rank their opinion on a five point scale, ‘1’ being extremely effective and ‘5’ being not effective at all.

*Famfirm* - We collect data on whether or not firms are family firms or non-family firms. Firms that are family firms are assigned value of ‘1’, and the non-family firms are assigned the value of ‘2’.

*Industrytype* - this variable categorizes the product/service firms offered into Veblen or Ordinary goods/services. The value ‘0’ is assigned to firms that offer Veblen goods/service; the value of ‘1’ is assigned to those that offer Ordinary goods/services.

We measure a firm’s likeliness to use the royal warrant to promote their businesses by looking at three indicator variables. *Pdisplay* – measures how prominently firms display their royal warrant by ranking their opinion on a five-point scale, ‘1’ being very prominent, and ‘5’ being not displayed at all. *Publicize* – measures how often firms publicize about the fact that their company and product are granted a royal warrant by ranking their opinion on a five-point

scale, '1' being constantly and '5' being never. *onMKT* – measure how intensely firms used the royal warrant as marketing tool. Firms were asked where they display their royal warrants. We then computed an average and ranked the responses as low, average, and high usage. Firms scored low usage when they used it in less than 3 places, average usage when they used it in 3 places, and high usage when they used it in more than 3 places.

We measure firms' perception of the royal warrant's ability to attract stakeholders by looking at four indicator variables (*customers, suppliers, investors, and employees*). We asked firms to rank their opinion on whether or not the royal warrant can attract the four individual stakeholders to their firms on a five point Likert scale, '1' being strongly agree and '5' being strongly disagree.

In Table 6.2, we summarize our hypotheses, measurement variables, analysis techniques, and results.

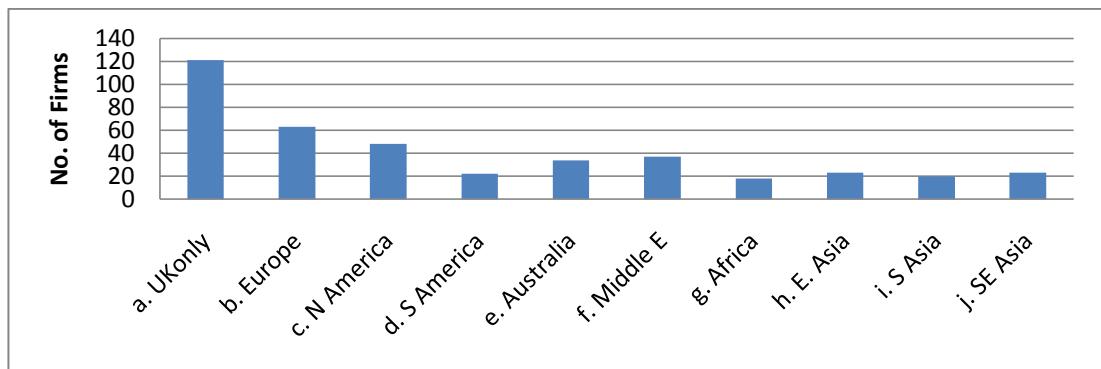
Hypotheses	Variables Names	Corresponding Questions	Control Variables	Analysis	Result
H1.1: The more firms perceive the royal warrant to be a <u>prestigious</u> quality symbol, the more likely they will <u>use</u> it to promote their businesses  H1.2: The more firms perceive the royal warrant to be an <u>effective</u> quality symbol, the more likely they will <u>use</u> it to promote their businesses.	Prestige Effective Pdisplay Publicize onMKT	Perceived RW prestige (Q3.1) Perceived RW effectiveness as premium QS (Q3.2) prominent display (Q4.2) frequency firm publicize (Q4.1) # time used on marketing materials (Q4.3)	Age Size	Correlation ANOVA	Supported
H2: The greater firms' perception of royal warrant as a <u>prestigious</u> quality symbol, the greater is their perception of the royal warrant's <u>ability to attract</u> stakeholders to their businesses  H2: The greater firms' perception of the royal warrant as an <u>effective</u> quality symbol, the greater is their perception of the royal warrant's <u>ability to attract</u> stakeholders to their businesses	Prestige Effective customer supplier investor employee	Perceived RW prestige (Q3.1) Perceived RW effectiveness as premium QS (Q3.2) RW attract customer (Q5.2) RW attract supplier(Q5.3) RW attract investor (Q5.4) RW attract employee(Q5.5)	Age Size	ANOVA	Supported
H3.1 Family firms are more likely to use the royal warrant to promote their businesses than non-family firms	FamFirm Pdisplay Publicize onMKT	Family firm? (Q1.8) prominent display (Q4.2) publicize frequency (Q4.1)	Age Size	Correlation T-Test	1 of 3 Indicators Supported
H3.2: Veblen goods firms are more likely than Ordinary goods firms to use the royal warrant to promote their businesses.	Industrytype (Veblen=0, Ordinary=1) Pdisplay Publicize onMKT	Perceived RW prestige (Q3.1) Perceived RW effectiveness as premium QS (Q3.2) prominent display (Q4.2) publicize frequency (Q4.1) #time used on marketing materials (Q4.3)	Age Size	Correlation T-Test	Not supported

**Table 6.2: RW Hypotheses and Their Measures**

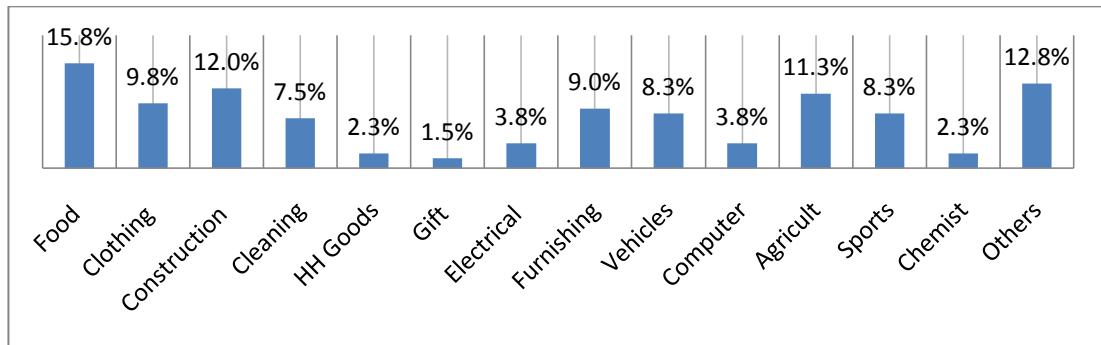
### 6.3.4 Findings

#### I: Respondent Firms Characteristics:

The majority of survey respondent firms are family-owned (71.5%). Most respondent firms are small firms that have fewer than 500 employees (85%). Most of the participants that answered our survey are either the business owner or upper-managerial-level employees (97%). From the survey, 48% of firms are less than 50 years old, 23% are between 51-100 years old, and 26% are more than 100 years old. Most respondent firms concentrate their business operation in the UK; some firms have expanded their operations to other parts of the world and across various different types of industries (see Figure 6.5 and 6.6).



**Figure 6.5: Geographic Area in Which Royal Warrant Firms Operate**



**Figure 6.6: Various Industries in which Royal Warrant Firms Operate**

Most of the respondent firms hold one royal warrant from either HM the Queen (72.2%), HRH the Duke (2.3%), or HRH the Prince of Wales (14.3%). About 10% of our respondent firms hold two royal warrants. We did not get any response from firms that hold all three royal warrants. However, we anticipated such a turn out given the fact that there are only 3-4 firms that are currently holding all three royal warrants.

About 92% of respondent firms have had their royal warrant for 50 years or less, and about 7% of respondent firms have been holding their royal warrant for 51 to 100 years. When asked

how long firms had been supplying goods/services to the royal household before receiving their royal warrant, about 70% of respondent firms indicated that they had been supplying to the royal household for 10 years or less, 15% for 11-20 years, and 10% for more than 20 years.

## **II: Respondent Firms' Perception of the Royal Warrant and its Advantages**

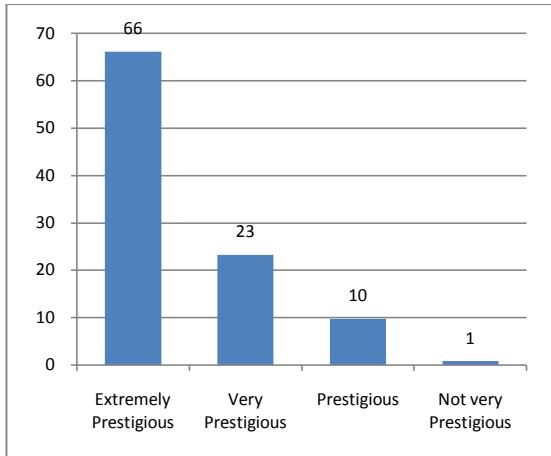
The survey indicates that firms hold the royal warrant in high regard (see Figure 6.7). The majority of firms believe the royal warrant is extremely prestigious, and extremely effective as a symbol of high quality. Most firms display their royal warrants prominently and constantly publicize the fact that they hold them to their stakeholders.

The data in Figure 6.8 illustrate the respondent firms' opinion about the advantages that the royal warrant brings to firms. The majority of respondent firms indicate that the royal warrant helps to reinforce their image (93%); to improve their companies' reputation relative to their competitors (92%); to attract customers (65%); and to improve employees' morale (54%). Most respondent firms believe that their business reputation would be negatively affected if their royal warrant were not renewed (71%). When asked to compare the effectiveness of the royal warrant and other quality symbols, the majority of firms (66%) indicate that the royal warrant is more effective.

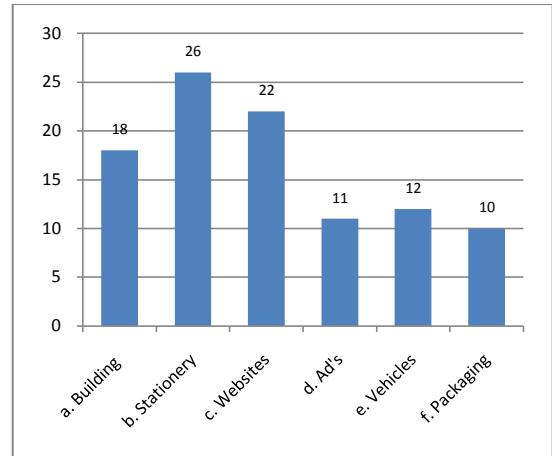
However, there are mixed views from the respondent firms about the royal warrant's ability to help them attract suppliers, investors, and employees to their businesses. Respondent firms have split opinions about the royal warrant's ability to attract suppliers to their businesses (25% Yes, 23% No). Additionally, while 60% of respondent firms remain neutral, many do not think the royal warrant helps to attract investors (27%) and employees to their businesses (26%). Lastly, about 34% of respondent firms do not believe the royal warrant can help them avoid discounting in difficult economic times as opposed to the 12% who do.

Additionally, the qualitative data we gathered from open-ended survey responses, interviews, observations, and secondary sources reveal very interesting and in-depth insight into firms' perception of the royal warrant and its various advantages to the warrant holding firms. For example, many companies and managers, such as those at Royal Doulton, Dorma, and Bernard & Westwood strongly believe that the royal warrants add much value to their businesses by enhancing their reputation, acting as a "kitemark" to ensure quality to customers, and attracting more business to the company. They consider the prestige of the royal warrant to be a good promotional tool.

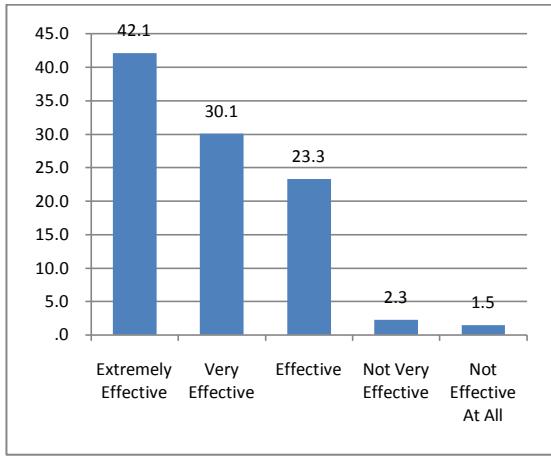
A: How Prestigious is RW as a Quality Symbol?



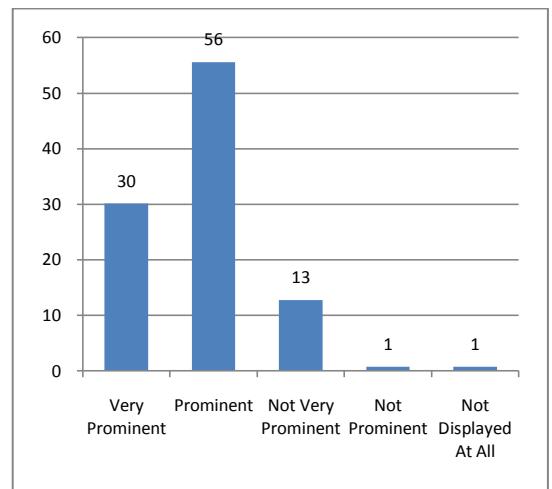
D: Where do Firms Display the RW?



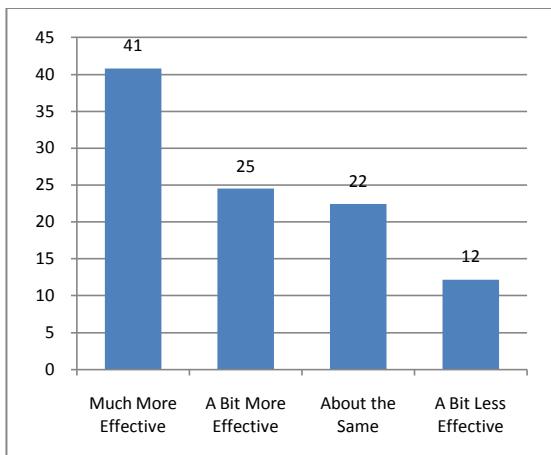
B: How Effective is RW as Quality Symbol?



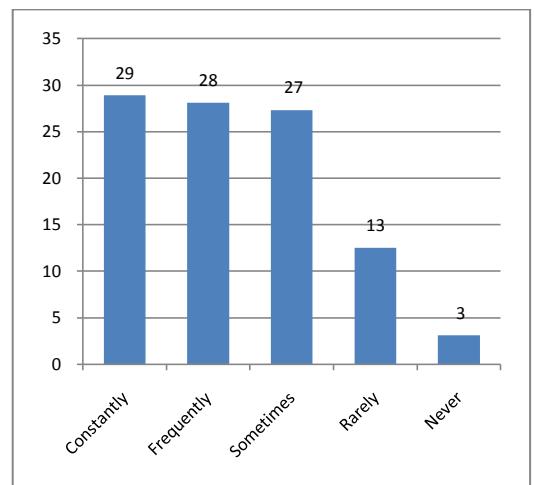
E: How Prominently Do Firms Display the RW?



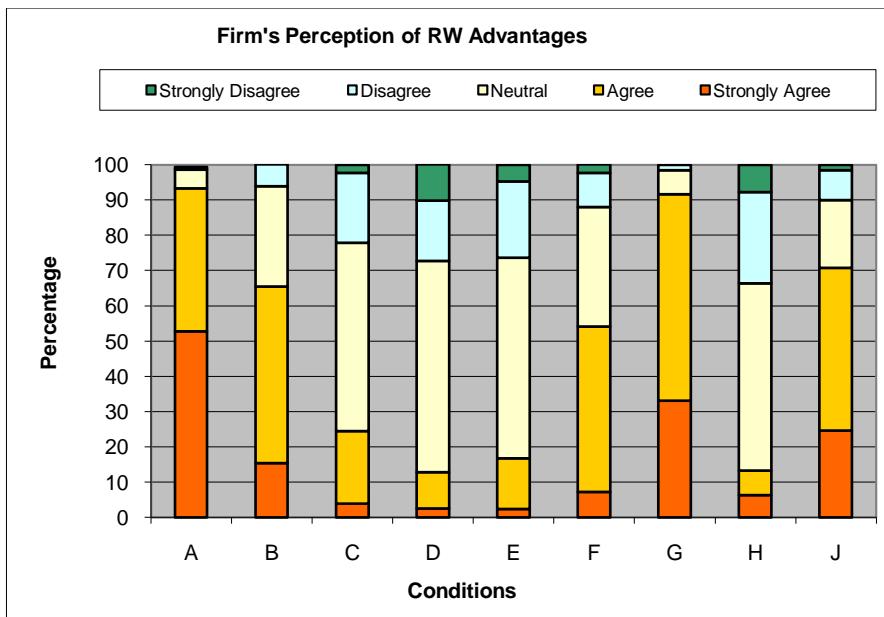
C: Compared to other quality symbols, How effective is the RW in signalling the Premium quality of your products/services?



F: How Often Do Firms Publicize their RW?



**Figure 6.7: Firms' Perception of the Royal Warrant**



(RW=Royal Warrant)	A	B	C	D	E	F	G	H	J
Strongly Agree	52.7	15.4	3.9	2.6	2.4	7.3	33.1	6.3	24.6
Agree	40.6	50	20.5	10.3	14.4	46.8	58.5	7	46.2
Neutral	5.3	28.5	53.5	59.8	56.8	33.9	6.8	53.1	19.2
Disagree	0.8	6.2	19.7	17.1	21.6	9.7	1.5	25.8	8.5
Strongly Disagree	0	0	2.4	10.3	4.8	2.4	0	7.8	1.5

Note: Values in Table are in Percentage (%)

#### Conditions

- A= rw helps to reinforce the premium image of our products/services
- B= rw helps to attract more customers to our business
- C= rw helps to attract more suppliers to our business
- D= rw helps to attract more investors to our business
- E= rw helps to attract more employees to our business
- F= rw helps to improve our employee's morale
- G= rw helps to improve our company's reputation relative to our competitors
- H= rw helps us to avoid discounting in difficult economic conditions
- J= a discontinuation of our RW will harm our business reputation

**Figure 6.8: Firm's Perception of the Royal Warrant's Advantages**

Hooker(2008) reports that firms believe “[t]here is a prestige about having the warrant on business cards and letter headings. It lets people know that there is a standard quality. [Firms] win work based on the fact that ...[they] have the warrant – people contact ...[them] because of it.”

Moreover, the fact that a company carries the royal warrant impresses customers and increases their trust and confidence in making initial and recurring transactions with the company (Hooker, 2008). Furthermore, managers believe that the royal warrants can improve their employees' morale by giving them a sense of pride in being part of an elite company (Swengley, 2006). Additionally, Coleman (2008) finds that while some marks of excellence can cost companies a great deal of money and produce minimal added value in return, the royal warrants, kitemarks, and ISOs can bring valuable benefits to the company that are worth the investment. In the case of the royal warrant, the only investment is the time and effort that the companies put into supplying high quality goods and services to the royal household. There is no additional financial cost associated with being honored with this prestigious badge of excellence.

We are able to categorize the qualitative data that we have collected from various sources mentioned above into three major themes below. We also present representative samples of these themes and their sub-themes in Table 6.3. Note that some parts of the interviews are omitted to ensure confidentiality of our respondents and some parts are included because they have already been made available to the public.

**1: Pride and honor of holding the royal warrant:** The majority of the royal warrant recipients are very proud to receive such a prestigious royal recognition and consider it a great honor (Woolnough, 2002). Most firms also express pride and loyalty to the royal family.

**2: Impact of the RW on a firm's business and reputation:** There are many different ways in which the royal warrant affects the reputation of the firm. The positive impact of the royal warrant on a firm's reputation helps firms to sell their products/services to customers, build good business practices and relations with their stakeholders, and ultimately succeed in their business operations. We have identified seven elements or sub-themes that the royal warrant supports a firm's business and reputation.

*2.1 Royal warrant as prestigious awards* –Most firms perceive the royal warrant to be a highly prestigious recognition. The prestige of the royal warrant also makes firms appear more prestigious as well.

*2.2 Royal warrant signals high quality* – Firms believe that the royal warrant is a great symbol of quality. It attests to the quality of their products/services and strengthens the firms' credibility.

*2.3 Royal warrant signals premium pricing* – Firms observe that customers often assume they charge a premium price for their products/services because they hold a warrant. This presumption can be “off-putting” at times when firms are offering products/services at similar price ranges as their less prestigious rivals. Nonetheless, such a presumption can sometimes coincide with firms’ premium pricing structure and luxurious image and, therefore, work to the advantage of the firms.

*2.4 Royal warrant creates uniqueness through distinctive royal connection* – Firms report that customers perceive them to have a close connection to the royal family. Such a connection differentiates firms’ products from those of their rivals. The royal warrant makes firms’ products distinctive and very special to customers because there are interesting stories that link them to members of the royal family.

*2.5 Royal warrant attracts/reassures stakeholders* – Firms believe the royal warrant positively influences their stakeholders’ perception. A firm’s stakeholders are employees, clients, suppliers and investors.

*2.6 Royal warrant generates good publicity for the firm*– Firms experience a positive impact of the royal warrant on their marketing and public relations.

*2.7 Royal warrant gains firms businesses in the UK and overseas*– Firms indicate that the royal warrant is an especially useful marketing tool when they try to sell or expand their market overseas, particularly in countries where the royal family is admired. However, some firms feel that customers in the UK have less appreciation for the royal warrant because of their prolonged exposure to royal warrant products/services within the UK.

**3: Royal warrant's influence on a firm's operation:** Many firms comment that the royal warrant inspires them to uphold high standards of practice and product quality. The environmental policy associated with the royal warrant from HRH Prince Charles has encouraged many firms to be environmentally friendly and adopt his environmental policy as their own.

In addition to the theme comments summarized in Table 6.3, we found a few interesting points made by the warrant holding firms. For example, one of our interviewees makes an interesting comparison of the remarkable reputational effect of the royal warrant and a Michelin star on businesses. He said “I supposed [the royal warrant] is like the Michelin Star. Once you get a Michelin Star, you have to make sure you maintain it because everyone writes about it when you got it, but boy, it’s front page when you lose it.” Another one of our interviewees mentions that he would have been able to diversify very easily into a few other related businesses had he maintained the royal warrants he had previously been granted. He regrets losing his royal warrants because they cost him sizable business from the royal household and from customers that value the royal seal of approval. Additionally, one manager points out that the royal warrant is highly sought after. He said “I think that it’s inevitable that the Duke of Cambridge will have his own warrant. And I believe that once he does, many people will be jumping and trying to be one of the first to get that for different reasons. Some will want it to be part of the RWHA, and some will use it enormously for advertising ... and it will probably be a very good business plus for them.”

We also discovered that there are royal warrants granted by other monarchies like those from Brunei, Belgium, Denmark and the Netherlands, but their royal warrants are not as widely-recognized as the ones from the British monarchy. We think that this may be because the British monarchy is more well-known than any other monarchies in the world. For instance, Queen Elizabeth II has now reigned for 60 years and is the most famous woman in the world. She is sovereign to 120 million people and is the head of the Commonwealth which consisted of more than a billion people (Bonneville, 2012; Balmer, 2008). In contrast, King Albert II of Belgium is monarch to approximately 11 million people and has reigned now for 20 years.

**Table 6.3: Comments on the Royal Warrant and its Advantages to the firms**

THEME	QUALITATIVE DATA FROM SURVEY, INTERVIEW, AND SECONDARY SOURCES
1. PRIDE AND HONOR OF HOLDING THE RW	<p>I feel very privileged to have received a RW. I will endeavor to look after it.</p> <p>The royal warrant is very dear to us. It was my father's life-long ambition to get the royal warrant for the company.</p> <p>When you go to royal warrant events, you bump in to people. I was sitting next to a sewing machine maker. It is such a cross section of businesses and individuals. A lot of these people own the business, and they just expand about two inches when telling you about how long they had their warrant.</p> <p>It is lovely to be recognized. It isn't only about having something you can stick on your wall or website, it's about recognition from our monarch, which means a lot. I supposed many warrant holders are very firmly backing the royal family and making sure they don't go anywhere.</p> <p>We are very very proud of our warrant. We have it in the entrance hall as soon as you walk in..., you'll see it. It's on our literature and of course on our website as well. We have a link to the RWHA through our website.</p>
2. IMPACT OF RW ON A FIRM'S BUSINESS AND REPUTATION  2.1 <i>RW as Prestigious Award</i>	<p>The royal warrant gives prestige to establishment</p> <p>As a royal warrant holder you are granted a very prestigious accolade, and it is assumed and expected from our customers that they receive the highest level of service &amp; standards. We are very proud to have been awarded this prestigious recognition.</p> <p>60% of our sales come from Australia, Canada and US where RW is considered extremely prestigious.</p> <p>The RW is not a 'quality mark' as such, but a combination of Royal patronage. It gives credibility to a business and helps open doors. "If its good enough for the Queen its good enough for me!" is a common comment from the general public but that cuts little ice with the trade [...that] recognize the standard and inspection regimes necessary to work with [...them]. The RW is more a matter of perception, thus has great value in a different way</p> <p>My general experience over the short period that [company X] has held a RW is that it holds little in terms of commercial advantage but is much more symbolic and, therefore, holds a certain cache which is very difficult to value in real terms.</p> <p>We also hold ENVIBE award, which I think only the local businesses would know about it; whereas, nation-wide, worldwide, people would know about the royal warrant. The royal warrant is very prestigious.</p>

<p><i>2.2. RW Signals High Quality</i></p>	<p>Since receiving the Royal Warrant we have been able to move the emphasis of our business from [... A to B] to more quality aware clients who appreciate service and quality and want the best there is and are prepared to pay for it.</p> <p>Holding RW sends a signal [to customer] that you can expect certain level of service and quality from us. Having been established for more than 100 years, being in the same building and holding multiple RWs is complementary and reinforces our reputation.</p> <p>We supply the Royal Household with [...], and these are functional items as opposed to items that they buy of choice. For us the warrant is an endorsement of performance.</p> <p>RW's are granted on the basis of high quality. Long service and a continued demand for the product. Above all it is a recognition of outstanding service and the maintaining of standards.</p>
<p><i>2.3. RW Signals Premium Pricing</i></p>	<p>People sometimes take the view that your service will be more expensive than others because you have the RW.</p> <p>Sometimes clients think we are going to be "too expensive if we work for the queen"</p> <p>Whilst clients know the RW is prestigious, we often need to remind them that it is a symbol of quality and not related to how much we charge for our services.</p> <p>Customers believe our products are more expensive because we have a warrant. But then we are on the top of the tree. We are the [manufacturer of product x] that people aspire to own. And the endorsement is the royal warrant.</p>
<p><i>2.4: RW Creates Uniqueness through Distinctive Royal Connection</i></p>	<p>The value of the royal warrant, i supposed, is the links and ties with the royal household</p> <p>I think the royal warrant allows customers to be part of this royal experience. They may not be able to have tea with the Queen, but they can have the Queen's tea at home, the Queen's biscuits, and even the Queen's dog biscuit for the family's hound. ... We also got a lot of questions about what is the Queen's favorite blend of tea. But we are not allowed to say. But I can say that we sell a Smokey Earl Grey and we created this Smokey Earl Grey Tea because a certain customer down the road requested it. – Dr. Tanner, Fortnum &amp; Mason</p> <p>In the States they love Prestat and they love the royal connection. There is this slight element of them shaking the hands of the person who made the chocolate for the Queen. ..that sort of a magnet or connection ... they think we are extremely English, and Prestat is extremely English, and they love the eccentricity of it." – Prestat owners</p> <p>The royal family brand, the house of Windsor brand, is probably at its zenith at the moment. The Queen's diamond jubilee will be a magnificent year. The whole focus of the world will be in on Olympic, on London, and the Jubilee celebration. So, I don't think there would be a better time for somebody who supports the royal family, or a company that is trading with a royal warrant – Robert Jobson, Royal Correspondent</p> <p>There is a belief that firms those who possess RW actually experience very close relationship with the queen. Customers often believe that the Queen actually comes into our shop and has touched this porcelain. There is greater Charisma attached to the RW in overseas markets where the Queen is still the head of state.</p>

<p><i>2.5: RW Attracts/Reassures stakeholders</i></p>	<p>The RW gives the company respectability</p> <p>When it comes to valuation, holding a RW is reassuring for clients.</p> <p>I think the RW has a very big impact on our customer. We recently launched a new website, I do believe we get inquiries because of the royal warrant,... people have done a search.</p> <p>The employees are very proud of [the royal warrant]. Because they feel that it is the recognition of the quality of work that they do. It's recognition of their craftsmanship. And let's face it, the company is only as good as the people that's in it. They are the people that really obtained the warrant for the company.</p> <p>[Employees] were very proud [when we got the warrant]. ...we did get the local papers came in and do an article, took photographs of myself and the staff.</p> <p>When we were granted the royal warrant, we change our letterheads and everything. I had a lot of supplier's representative coming down to see me because they had been told to come down and see me, to make sure that there was anything that we needed. So, they did like to have the fact that they have somebody with a warrant within their list.</p> <p>in the climate, I think a lot of companies are looking to work with other companies with environmental policies ...We certainly have a couple of local cleaning companies who saw us having the royal warrant and simply came on board for that reason. They wanted a company that who is adhering to environmental policies.</p>
<p><i>2.6: RW Generates Good Publicity</i></p>	<p>If you have a royal warrant, it's a huge boost to the actual business. Because you have that stamp, literally that crown stamp of approval which everyone realizes that it's got to be good business, a good product." - Robert Jobson, royal correspondent and tv commentator</p> <p>I can't tell you what publicity, what good publicity it was for the shop [when the Queen, Duchess of Cornwall, and Duchess of Cambridge came to visit]. We could not have dreamt that it would be as wonderful or as worldwide as it was. By lunch time of the day of the visit, we had reports coming in from Australia, the Americas, across the globe. It was just fantastic. We are so grateful to her for putting Fortnum and Mason once more on the global map." --- Dr. Tanner, Fortnum &amp; Mason</p> <p>"When the Queen, Camilla, and Kate all went to Fortnum and Mason for tea together, it was a historic first. I don't remember anything like that ever happened to Diana. And of course, it is a tremendous marketing and PR [for Fortnum and Mason], The Queen wore an outfit in Fortnum's blue." Ingrid Seward, Majesty Magazine</p> <p>The royal warrant is a symbol of quality. To be endorsed by the royal family, I don't think you can put a value on that." –K. Nicholl, royal correspondent</p>

<p><i>2.7. RW Gains Businesses in the UK and Overseas</i></p>	<p>RW is especially useful for exports. The RW is appreciated more by other countries than in UK</p> <p>The RW is great for foreign customers; it gives us great credibility. Customers who know of us do value it, but even UK customers who do not know us do value it (good to have the connection)</p> <p>We take pride in supplying [...product x to the Royal Family]. We are a small company that works with clients, mostly in the UK, but we have an international position that is recognized amongst [...competitors] worldwide, which is helped by our Royal Warrant.</p> <p>The royal warrant tips the balance in your favor, in places where the royals are, you know, liked and welcomed. America - very much being the case in point. People will pick up the product, and they will see the royal warrant. It's only small, but they'll see it, and they will want that one and not the other. It is a subtle form of advertisement</p> <p>The royal warrant definitely benefit [our company], when going abroad, especially America, to say that we have close relation with the Buckingham Palace, Claridge house , the royal family, to say that you are the only ...[company in the industry] that have a royal warrant it goes a long way.</p> <p>I mean the shops in UK and America that sell our products always have [the royal warrant] on display. They devoted an area of their showroom to our products, which is usual, then they may display the royal warrant at that point, cause the royal warrant is associated with our products, and that in itself, helps [to sell the product].</p>
<p><b>3. RW INFLUENCES FIRMS' OPERATION</b></p>	<p>There was a lot of checks to make sure that we are environmentally friendly to a point, but it did make us to be more aware of environmentally policies and issues. It made me looked at all the suppliers that I have and the policies they have got in place. But we also got involved with the local authority here, and gaining award for excelling in business and environmental issues. So I have been doing that because it was brought to attention when applying for the royal warrant</p> <p>...We will say that we adopted environmental policy associated with his royal highness's warrant as part of our own environmental policy, and that actually drove us to look deeper into things that his royal highness associated with, like organics, so we have a lot of organic produce, we feel there's a lot of value there.</p> <p>Yes, we do try [to uphold our quality standard], especially in this climate. A lot of our clients want very cheap items and we don't source that kind of things because we don't get the [right] quality. The sort of things that you can get very cheaply, but are not made very ethically and we don't condone with.</p>

Lastly, we uncovered some suggestions for the Royal Warrant Holder Association (RWHA). Firms expressed a desire to work more closely with other royal warrant companies and would like the association to provide greater institutional support and more opportunities for member networking activities. One respondent said that “it would be interesting if the Royal Warrant office might consider grouping companies with similar interests to discuss their products with the potential of doing some business together, i.e., a small seminar.” Another manager also wishes to support other warrant holders commercially. He said, “[i]f I know that there are other warrant holders that we might be able to help out in any shape or form, ... obviously we will try to do so. If we can gain supplies from a RW holder, we are more likely to give preference to them as opposed to others as long as their price is competitive.” He believes that if all the royal warrant holders work together, they would become a very prosperous organization. He adds “I was at the royal warrant banquet, a white tie event, ...[and] the Duke of York stood up, he was very passionate about calling the royal warrant plc, it should be the royal warrant plc, cause I think if all the royal warrant holders got together, and combined all their resources, I think it would be a very very strong organization.”

Another respondent voiced his concern about royal warrant renewal criteria. He suggest that “when it comes to renewing the royal warrant there should be a recognition of differences between firms, those that are everyday utility kind of suppliers such as food and beverage and those that are specialist suppliers like us.” Firms also would like the association to help increase the public’s awareness and appreciation for both the royal warrant and the warrant firms. One respondent said

The value of the RW is high to those who know/understand its purpose. Unfortunately too few people appreciate the criteria for winning/gaining such a prestigious award. Broader awareness would benefit all concerned and probably increase the value of the award as a quality symbol of products inherently British.

Another interviewee expresses a similar concern about minimal public knowledge of the royal warrant and its holders. He said,

The fear is that the royal warrant will become so exclusive that nobody knows what it's about, and therefore there's zero value to add to business. If nobody understands, nobody appreciates what it is about, and I think you can almost become too exclusive, whereby it is just another stamp on the piece of paper.

The same interviewee also said that in the future, he "...hope[s] that they maintain the eliteness of the warrant holders; if not, it will dilute the standard of quality that we are all working for. ...[He] believe[s] the royal family will do so [as] it is not in their best interest to dilute the quality of the seal of approval they are giving either." This comment resonates and confirms our theory that the value of the IBR is tied to the consecrating institution and is a function of the exclusivity in which it is granted.

Accordingly, we believe that the qualitative data which we have gathered from various sources contribute greatly to our understanding of the royal warrant as an IBR. The data enriched and confirmed our quantitative findings and also lent support and further clarification of the results of our hypotheses testing in the following section.

### **III: Hypothesis Testing**

The correlation matrix in Table 6.4 allows us to see the associations among variables. We see that firms' perception of royal warrant's prestige and its effectiveness as a quality symbol are strongly correlated ( $r=.643$ ,  $p <.01$ ). This means that 41% of variation in firms' perception of royal warrant prestige is explained by the variation in firms' perception of royal warrant's effectiveness as a quality symbol. However, because the correlation coefficient between the two variables is less than the .8 benchmark, we can be assured that there is no worrisome multicollinearity effect between them.

Furthermore, we see that prestige and effectiveness correlate well with most of the variables in the matrix. Particularly, both variables correlate strongly and positively with firm's perception that the royal warrant enhances the premium image of the firms ( $r=.557$  and  $.695$   $p <.01$ ), increases the firms' reputation relative to rivals ( $r =.451$  and  $.560$ ,  $p <.01$ ), helps firms to attract more customers ( $r = .362$  and  $.480$ ,  $p <.01$ ), and show the frequency which firms publicize about their royal warrant ( $r= .352$  and  $.417$ ,  $p <.01$ ).

We perform factor analysis on 9 survey questions (Q.5.1-5.8, 5.10) about firms' perceived advantage of the royal warrant, see Table 6.5. Our KMO is very high at .853 and Bartlett's test of Sphericity is highly significant at .000, indicating that we can be confident that factor analysis is appropriate for this data set. We retain components 1 and 2 with eigenvalue of 4.414 and 1.415 respectively. Component 1 represent firms' view about how the royal warrant can help them attract stakeholders. We performed a reliability test on Component 1 and found its Cronbach's alpha =.828; therefore, we can be certain that we have a good scale for this latent construct. Component 2 represent a firm's view about how the royal warrant can enhance its reputation. We perform a reliability test for Component 2 and found that it has Cronbach's alpha = .786, therefore we can be certain that we have an acceptable scale for this latent construct.

Correlations																
Spearman's rho	prestige	effective	pdisplay	publicize	pimage	customer	suppliers	investors	employees	reputation	avoidsale	rwX	Industry Type	famfirm	onMKT	
Spearman's rho	prestige	1.000	.643**	.286**	.352**	.557**	.362**	.202*	.221*	.310**	.451**	.265**	.291**	.064	.119	.298**
	effective	.643	1.000	.305	.417	.695	.480	.332	.298	.384	.560	.370	.383	.200	.151	.196
	pdisplay	.286	.305	1.000	.413	.205	.245	.177	.205	.165	.242	.284	.187	-.123	.139	.161
	publicize	.352**	.417**	.413	1.000	.394	.364	.292	.213	.263	.387	.225	.268	-.104	.135	.442
	pimage	.557**	.695**	.205	.394	1.000	.462	.290	.322	.407	.583	.348	.405	.153	.056	.183
	customer	.362**	.480	.245	.364	.462	1.000	.400	.210	.512	.463	.357	.390	.133	.184	.191
	suppliers	.202	.332**	.177	.292	.290	.400	1.000	.507	.519	.422	.351	.173	.080	.119	.182
	investors	.221	.298	.205	.213	.322	.210	.507	1.000	.462	.319	.260	.303	.066	-.041	.157
	employees	.310**	.384	.165	.263	.407	.512	.519	.462	1.000	.391	.431	.196	.035	.051	.145
	reputation	.451**	.560**	.242	.387	.583	.463	.422	.319	.391	1.000	.453	.499	-.020	.143	.250
	avoidsale	.265**	.370	.284	.225	.348	.357	.351	.260	.431	.453	1.000	.304	.199	.067	.161
	rwX	.291**	.383	.187	.268	.405	.390	.173	.303	.196	.499	.304	1.000	.110	.138	.134
	Industry Type	.064	.200	-.123	-.104	.153	.133	.080	.066	.035	-.020	.199	.110	1.000	-.053	.046
	famfirm	.119	.151	.139	.135	.056	.184	.119	-.041	.051	.143	.067	.138	-.053	1.000	.131
	onMKT	.298**	.196	.161	.442	.183	.191	.182	.157	.145	.250**	.161	.134	.046	.131	1.000

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

Table 6.4: Correlation Matrix

Pattern Matrix<sup>a</sup>

	Component	
	1	2
suppliers	0.858	
employees	0.784	
investors	0.765	
pplmorale	0.764	
rwX		0.891
pimage		0.75
reputation		0.733
customer		0.571
avoidsale	0.4	0.401

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with

Kaiser Normalization.

a. Rotation converged in 7 iterations.

Structure Matrix

	Component	
	1	2
employees	0.837	0.491
suppliers	0.821	
pplmorale	0.808	0.463
investors	0.744	
reputation	0.514	0.809
rwX		0.791
pimage	0.444	0.787
customer	0.528	0.692
avoidsale	0.596	0.597

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

Kaiser Normalization.

**Table 6.5: Factor Analysis Result**

Based on our correlation and ANOVA analyses, we found that our hypotheses 1.1 and 1.2 are supported. Our H1.1 predicts that the more firms perceive the royal warrant to be a prestigious quality symbol, the more likely they will use it to promote their business. Our H1.2 predicts that the more firms perceive the royal warrant to be effective quality symbol, the more likely they will use it to promote their business. The correlation matrix (Table 6.4) indicates that we can be at least 95% confident that firms' perception of both a RW's prestige and effectiveness as a quality symbol significantly and positively correlates with firms' behavior in prominently displaying the royal warrants(*pdisplay*), in publicizing about their royal warrant(*publicize*), and in using the royal warrant as one of their marketing tools (*onMKT*). The correlation coefficients (*r*) are between .196 -.417, indicating low to medium strength in correlations among the five variables. Hence, we can infer that the more firms perceive the royal warrant to be a prestigious and effective quality symbol, the more likely they will use it to promote their businesses. At 90% confidence level, our partial correlation analyses reveal that when we hold the effect of *effective* constant, firms' perception of royal warrant prestige significantly influences how prominently firms display their royal warrant (*r*=.133, *p* =.069) and how many times firms use the royal warrant for marketing(*r*=.206, *p* =.019). When holding the effect of *prestige* constant, we find that firms' perception of the royal warrant as effective quality symbol significantly correlates with firms' frequency in publicizing about their royal warrant (*r* =.147, *p* =.089).

Our ANOVA results for H1.1 in Table 6.6 further indicate that there are significant differences in the levels of firms' perception of a royal warrant's prestige and the likelihood that they will use it to promote their business, as all p-values for *pdisplay*, *publicize*, and *onMKT* are less than .05. Our post hoc tests indicate that there are significant differences among the groups of firms that view the royal warrant as extremely prestigious and very prestigious, extremely prestigious and prestigious, and very prestigious and prestigious in the way they display, publicize, and use the royal warrant on marketing materials.<sup>3</sup> The effect sizes for *pdisplay*, *publicize*, and *onMKT* are 0.327, .364, and .289 respectively, indicating a medium and substantive effect of firms' perception of royal warrant prestige on the likelihood that they will use the warrant to promote their businesses.

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<sup>3</sup> Since there is less than 1% of respondents who do not think that the royal warrant is a prestigious symbol, we omitted testing this group in our statistical analysis for H1.1

**Table 6.6: ANOVA Results for H1.1**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
pdisplay	Between Groups	7.137	2	3.568	7.785	.001
	Within Groups	59.128	129	.458		
	Total	66.265	131			
publicize	Between Groups	20.730	2	10.365	9.544	.000
	Within Groups	134.672	124	1.086		
	Total	155.402	126			
onMKT	Between Groups	7.170	2	3.585	5.961	.003
	Within Groups	77.580	129	.601		
	Total	84.750	131			

Dependent Variable	Multiple Comparisons								
	(I) prestige		(J) prestige		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
								Lower Bound	Upper Bound
onMKT	Extremely	Very Prestigious	Prestigious	Prestigious	-.409*	.162	.013	-.73	-.09
	Prestigious	Prestigious	Extremely	Prestigious	-.640*	.230	.006	-1.10	-.18
	Very	Prestigious	Prestigious	Prestigious	.409*	.162	.013	.09	.73
	Prestigious	Prestigious	Prestigious	Extremely	-.231	.256	.369	-.74	.28
	Prestigious	Prestigious	Extremely	Prestigious	.640*	.230	.006	.18	1.10
	Prestigious	Prestigious	Prestigious	Extremely	.231	.256	.369	-.28	.74
	Prestigious	Prestigious	Prestigious	Extremely	.540*	.222	.016	-.98	-.10
publicize	Extremely	Very Prestigious	Prestigious	Prestigious	-.540*	.222	.016	-1.86	-.63
	Prestigious	Prestigious	Extremely	Prestigious	.540*	.222	.016	.10	.98
	Very	Prestigious	Prestigious	Prestigious	-.708*	.346	.043	-1.39	-.02
	Prestigious	Prestigious	Prestigious	Extremely	1.248*	.311	.000	.63	1.86
	Prestigious	Prestigious	Prestigious	Extremely	.708*	.346	.043	.02	1.39
	Prestigious	Prestigious	Prestigious	Extremely	.284*	.141	.047	-.56	.00
pdisplay	Extremely	Very Prestigious	Prestigious	Prestigious	-.284*	.141	.047	-1.14	-.35
	Prestigious	Prestigious	Extremely	Prestigious	.746*	.201	.000	.00	.56
	Very	Prestigious	Prestigious	Extremely	.284*	.141	.047	-.90	-.02
	Prestigious	Prestigious	Prestigious	Extremely	-.462*	.224	.041	.35	1.14
	Prestigious	Prestigious	Prestigious	Extremely	.746*	.201	.000	.02	.90
	Prestigious	Prestigious	Prestigious	Extremely	.462*	.224	.041		

Our ANOVA results for H1.2 in Table 6.7 reveal that there are significant differences in the levels of firms' perception of the royal warrant's effectiveness as a quality symbol and the likelihood that they will use it to promote their business, as the p-values for *pdisplay* and *publicize* are less than .05. We did not find a significant difference in the levels of firms' perception of the royal warrant's effectiveness as a quality symbol and the frequency with which they will use it on their marketing materials. Nonetheless, we believe that a firm's perception of the royal warrant's effectiveness as a quality symbol may indirectly influence the frequency with which they will use it on their marketing material because a firm's perception of the royal warrant's effectiveness is highly correlated with the firm's perception of the royal warrant's prestige, which, we have seen from H1.1, has a significant impact on how frequently firms use the royal warrant on their marketing material (*onMKT*).

Our post hoc tests indicate that there is a significant difference in at least one pair of the group of firms that view the royal warrant as an effective quality symbol and the way in which they display and publicize the royal warrant to promote their business. The effect size for *pdisplay*, and *publicize* are .387 and .447 respectively. This indicates a medium and substantive effect of the firms' perception of the royal warrant's effectiveness as a quality symbol on the likelihood that they will use the warrant to promote their businesses.

**Table 6.7: ANOVA result for H1.2**

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
pdisplay	Between Groups	9.979	4	2.495	5.587	.000
	Within Groups	56.265	126	.447		
	Total	66.244	130			
publicize	Between Groups	31.482	4	7.871	9.544	.000
	Within Groups	123.820	121	1.086		
	Total	155.302	125			
onMKT	Between Groups	3.992	4	.998	1.568	.187
	Within Groups	80.192	126	.636		
	Total	84.182	130			

pdisplay  
LSD

**Multiple Comparisons**

(I) effective		(J) effective	Mean Difference(I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Extremely Effective	Very Effective		-.232	.138	.096	-.51	.04
	Effective		-.424	.151	.006	-.72	-.12
	Not Very Effective		-.690	.396	.084	-1.47	.09
	Not Effective At All		-1.857	.481	.000	-2.81	-.91
	Very Effective	Extremely Effective	.232	.138	.096	-.04	.51
Effective	Effective		-.192	.161	.237	-.51	.13
	Not Very Effective		-.458	.400	.254	-1.25	.33
	Not Effective At All		-1.625	.484	.001	-2.58	-.67
	Extremely Effective		.424	.151	.006	.12	.72
	Very Effective		.192	.161	.237	-.13	.51
Not Very Effective	Not Very Effective		-.267	.405	.511	-1.07	.53
	Not Effective At All		-1.433	.488	.004	-2.40	-.47
	Extremely Effective		.690	.396	.084	-.09	1.47
	Very Effective		.458	.400	.254	-.33	1.25
	Effective		.267	.405	.511	-.53	1.07
Not Effective At All	Not Effective At All		-1.167	.610	.058	-2.37	.04
	Extremely Effective		1.857	.481	.000	.91	2.81
	Very Effective		1.625	.484	.001	.67	2.58
	Effective		1.433	.488	.004	.47	2.40
	Not Very Effective		1.167	.610	.058	-.04	2.37

### Multiple Comparisons

publicize  
LSD

(I) effective	(J) effective	Mean Difference(I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Extremely Effective	Very Effective	-.388	.212	.069	-.81	.03
	Effective	-1.042	.236	.000	-1.51	-.57
	Not Very Effective	-1.780	.600	.004	-2.97	-.59
	Not Effective At All	-2.113	.729	.004	-3.56	-.67
Very Effective	Extremely Effective	.388	.212	.069	-.03	.81
	Effective	-.654	.249	.010	-1.15	-.16
	Not Very Effective	-1.392	.606	.023	-2.59	-.19
	Not Effective At All	-1.725	.733	.020	-3.18	-.27
Effective	Extremely Effective	1.042	.236	.000	.57	1.51
	Very Effective	.654	.249	.010	.16	1.15
	Not Very Effective	-.738	.615	.232	-1.95	.48
	Not Effective At All	-1.071	.740	.150	-2.54	.39
Not Very Effective	Extremely Effective	1.780	.600	.004	.59	2.97
	Very Effective	1.392	.606	.023	.19	2.59
	Effective	.738	.615	.232	-.48	1.95
	Not Effective At All	-.333	.923	.719	-2.16	1.49
Not Effective At All	Extremely Effective	2.113	.729	.004	.67	3.56
	Very Effective	1.725	.733	.020	.27	3.18
	Effective	1.071	.740	.150	-.39	2.54
	Not Very Effective	.333	.923	.719	-1.49	2.16

\*. The mean difference is significant at the 0.05 level.

Furthermore, we found that our hypotheses 2.1 and 2.2 are supported. For our H2.1, our ANOVA result indicates that the F-ratio is  $F(2, 113) = 9.432$  and the p –value is  $<.05$ , therefore there are significant differences between the groups of firms' perception of the royal warrant's prestige and their perception of its ability to attract stakeholders to their businesses. Our post hoc test (Table 6.8) further indicate that there are significant differences within the group of firms that view the royal warrant as extremely prestigious and very prestigious, and extremely prestigious and prestigious. We also found that there is no significant difference in firms that view the royal warrant as very prestigious and prestigious. Since there is less than 1% of respondents who do not think that the royal warrant is a prestigious symbol, we omitted testing this group in our analysis. We

calculated the effect size ( $n2$ ) =  $\sqrt{\frac{SSm}{SSt}} = \sqrt{\frac{6.476}{45.269}} = 0.378$ . This number represents a medium and substantive effect size of firms' perception of the royal warrant's prestige on their perception of the royal warrant's ability to attract stakeholders to their businesses.

**Table 6.8: ANOVA Result for H2.1**

ANOVA					
Mean	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.476	2	3.238	9.432	.000
Within Groups	38.793	113	.343		
Total	45.269	115			

### Post Hoc Tests

#### Multiple Comparisons

Mean  
LSD

(I) prestige	(J) prestige	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
extrem	very	.43019	.12930	.001	.1740	.6864
	prestige	.63312	.18886	.001	.2590	1.0073
very	extrem	-.43019	.12930	.001	-.6864	-.1740
	prestige	.20292	.20849	.332	-.2101	.6160
prestige	extrem	-.63312	.18886	.001	-1.0073	-.2590
	very	-.20292	.20849	.332	-.6160	.2101

\*. The mean difference is significant at the 0.05 level.

For our H2.2, data in Table 6.9 indicates that the F-ratio is  $F(4, 110) = 12.729$  and the p-value is less than .05. Thus, we can be 95% confident that there are significant differences in the groups of firms' perception of the royal warrant's effectiveness as a quality symbol and its ability to attract stakeholders to their businesses. In particular, our post hoc test (Table 6.9) reveals that there are significant differences in the group means of firms that view the royal warrant as an extremely effective quality symbol and those that view it as very effective, effective, not very effective, and not effective at all. We also found that there is no significance difference between firms that perceived the royal warrant as not very effective and not effective at all as a quality symbol and their perception of the royal warrant's ability to attract stakeholders to their businesses. Additionally, we found that there is no significant difference in firms' perception of the royal warrant's ability to attract stakeholders between groups of firms that view the royal warrant is effective and not effective at all as a quality symbol. We believe the reason for this anomaly maybe due to the small number of responses to the 'not effective at all' category such that our statistical

analysis was not able to detect a significant difference between firms that view the royal

warrant as effective and not effective at all. We calculated the effect size ( $n2$ ) =  $\sqrt{\frac{SSm}{SSt}} =$

$\frac{\sqrt{13.934}}{44.036} = 0.562$ . This number represents a large and substantive effect size of firms'

perception of the royal warrant effectiveness as a quality symbol on their perception of the royal warrant's ability to attract stakeholders to their businesses.

**Table 6.9: ANOVA Result for H2.2**

ANOVA					
Mean	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.934	4	3.483	12.729	.000
Within Groups	30.102	110	.274		
Total	44.036	114			

### Post Hoc Tests

#### Multiple Comparisons

Mean  
LSD

(I) effective	(J) effective	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
extrem	very	.34058	.11778	.005	.1072	.5740
	effective	.64450	.12225	.000	.4022	.8868
	notvery	1.81117	.37769	.000	1.0627	2.5597
	noteffective	1.18617	.37769	.002	.4377	1.9347
very	extrem	-.34058	.11778	.005	-.5740	-.1072
	effective	.30392	.13104	.022	.0442	.5636
	notvery	1.47059	.38063	.000	.7163	2.2249
	noteffective	.84559	.38063	.028	.0913	1.5999
effective	extrem	-.64450	.12225	.000	-.8868	-.4022
	very	-.30392	.13104	.022	-.5636	-.0442
	notvery	1.16667	.38203	.003	.4096	1.9238
	noteffective	.54167	.38203	.159	-.2154	1.2988
notvery	extrem	-1.81117	.37769	.000	-2.5597	-1.0627
	very	-1.47059	.38063	.000	-2.2249	-.7163
	effective	-1.16667	.38203	.003	-1.9238	-.4096
	noteffective	-.62500	.52312	.235	-1.6617	.4117
noteffective	extrem	-1.18617	.37769	.002	-1.9347	-.4377
	very	-.84559	.38063	.028	-1.5999	-.0913
	effective	-.54167	.38203	.159	-1.2988	.2154
	notvery	.62500	.52312	.235	-.4117	1.6617

\*. The mean difference is significant at the 0.05 level.

Our correlation analysis (see Table 6.4) further inform us that we can be at least 95% confident that firms' perception of royal warrant prestige and effectiveness as quality symbol is positively correlated to their perception of the royal warrant's ability to attract stakeholders to their businesses and that the strength of their association which range between .202 to .362, is medium-low.

For H3.1, we conducted a correlation (Table 6.4) and T-test analyses (Table 6.10). We found that there is a significant relationship between the types of firms and their decision to prominently display the royal warrant (*pdisplay*). On average, family firms ( $M = 1.78$ ,  $SE = .071$ ) are more likely than non-family firms to prominently display their royal warrant to promote their businesses ( $M = 2.03$ ,  $SE = .125$ ). This difference is significant  $t(127) = -1.788$ ,  $p < .05$ ; however, it did represent a small sized effect  $r = .156$ . Furthermore, we did not find a significant relationship between types of firms, family or non-family firm, and a decision to use the royal warrant to verbally publicize their business (*publicize*) or to place it on their marketing materials (*onMKT*) as the p-values are greater than .05.

**Table 6.10: T-Test Analysis for H3.1**

**Pdisplay \* Famfirm**

**Group Statistics**

		famfirm	N	Mean	Std. Deviation	Std. Error Mean
pdisplay	yes		92	1.78	.677	.071
	no		37	2.03	.763	.125

**Independent Samples Test**

	Levene's Test for Equality of Variances		t-test for Equality of Means							
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	
										95% Confidence Interval of the Difference
										Lower Upper
pdisplay	Equal variances assumed	Equal variances not assumed	1.702	.194	-1.788	127	.076	-.244	.137	-.515 .026
					-1.698	59.976	.095	-.244	.144	-.532 .044

### Publicize \* Famfirm

#### Group Statistics

	famfirm	N	Mean	Std. Deviation	Std. Error Mean
publicize	yes	88	2.20	1.074	.114
	no	36	2.56	1.157	.193

#### Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference		
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference		
	publicize	Equal variances assumed	.943	.333	-1.615	122	<b>.109</b>	-.351	.217	-.781	.079
	Equal variances not assumed				-1.565	60.947	.123	-.351	.224	-.800	.098

### onMKT \* Famfirm

#### Group Statistics

	famfirm	N	Mean	Std. Deviation	Std. Error Mean
onMKT	yes	92	1.67	.786	.082
	no	37	1.92	.829	.136

#### Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference		
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference		
	onMKT	Equal variances assumed	.012	.914	-1.576	127	<b>.117</b>	-.245	.155	-.553	.063
	Equal variances not assumed				-1.540	63.436	.128	-.245	.159	-.563	.073

For H3.2, we conducted correlation and t-test analyses but did not find any significant relationships between the kinds of products/service firms offered (Veblen vs. Ordinary goods/services) and firms' decision to use the royal warrant to promote their businesses as all the p-values are greater than .05 (see Table 6.11). However, our correlation analysis in

Table 6.4 reveals that there are significant and positive correlations among firms' perception of the royal warrant's effectiveness as a quality symbol (*effective*), the kinds of products/services firms offered (*industrytype*), and the conviction that the royal warrant can help firms to avoid discounting in difficult economic times (*avoidsale*). Hence, we may infer that although firms that operate in different types of industries see that the royal warrant is an effective quality symbol that can help them avoid discounting during difficult economic times, they have not utilized this advantage of the royal warrant to promote their businesses.

**Table 6.11: Independent T-Test Analysis for H3.2**

**Industrytype\* pdisplay**

Group Statistics					
IndustryType		N	Mean	Std. Deviation	Std. Error Mean
pdisplay	Veblen	45	1.96	.638	.095
	Ordinary	87	1.80	.745	.080

	Levene's Test for Equality of Variances		t-test for Equality of Means							
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	
										Lower Upper
pdisplay	Equal variances assumed	2.130	.147	1.157	1.157	130	.249	.151	.130	-.107 .409
	Equal variances not assumed				1.216	101.943	.227	.151	.124	-.095 .397

### Industrytype\*publicize

**Group Statistics**

IndustryType		N	Mean	Std. Deviation	Std. Error Mean
publicize	Veblen	44	2.45	1.022	.154
	Ordinary	83	2.24	1.154	.127

**Independent Samples Test**

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						.304	.214	.207	-.196	.623
publicize	Equal variances assumed	.553	.459	1.032	125	.287	.214	.199	-.182	.609
	Equal variances not assumed			1.071	97.427					

### Industrytype\*onMKT

**Group Statistics**

IndustryType		N	Mean	Std. Deviation	Std. Error Mean
onMKT	Veblen	45	1.71	.815	.122
	Ordinary	87	1.77	.803	.086

**Independent Samples Test**

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						.691	-.059	.148	-.352	.234
onMKT	Equal variances assumed	.079	.779	-.398	130	.693	-.059	.149	-.355	.237
	Equal variances not assumed			-.396	87.877					

### **6.3.5 Discussion and Conclusion**

We found statistical support for our hypotheses H1.1, H1.2, H2.1 and H2.2. This means that a firm's perception of royal warrant's prestige and effectiveness as a quality symbol significantly influenced the firm's decision to use the royal warrant to promote and attract stakeholders to its companies. In particular, we find that firms use the royal warrant to promote their businesses by prominently display their royal warrant on their marketing materials, such as brochures and advertisements as well as highly visible spots like stationary, website, vehicle, premises, products and packaging. The majority of firms also constantly publicize to stakeholders that they hold a royal warrant. For H3.1, we found a statistically significant but small-sized effect, which indicates that family firms are more likely than non-family firms to prominently display the royal warrant to promote their businesses. Nonetheless, we did not find a significant relationship between a firm's ownership type (family-firm or non-family firm) and its decision to verbally publicize its royal warrant or to place the royal warrant on its marketing materials. Furthermore, we did not find statistical support for our hypotheses H3.2. Hence, we must conclude that firms' decisions to use the royal warrant to promote their businesses are not influenced by the kinds of products/services firms offered (Veblen or Ordinary).

We believe that firms' behaviors in using the royal warrant to promote and attract stakeholders to their businesses indicate that indeed they are trying to convert the symbolic value of the royal warrant into economic capital. However, we find that some firms are more strategic and proactive than others in developing reputational benefits from their royal warrants. Some firms made the royal warrant an integral part of their brand identities while some passively display their warrants without making an effort to explain their significance to customers.

Our research confirms that the royal warrant is a valuable IFR for those firms that are awarded one. Firms are very proud to be granted the royal warrant, a prestigious award that attests to the quality of firm's products/services. Most firms report that the royal warrant helps their businesses by "tip[ping] the balance in their favor." The symbolic values of the royal warrant heighten a firm's prestige, status, legitimacy, credibility, and reputation in the eyes of stakeholders. The royal warrant allows firms to establish a visible connection to the British royal family and to positively influence a stakeholder's perception of the firms and their products/services. Firms observe that many customers are inclined to buy their products/services because they believe that members of the royal family

purchase these products/services for their own personal use even though some of these products/services are actually purchased for the maintenance of the palaces and their staffs and to welcome their official guests. Firms gain extra publicity and visibility when the Queen, the Duke of Edinburgh, and the Prince of Wales make a visit to their shops and premises. Firms find the royal warrant to be especially useful as a promotional tool in overseas markets like the US, Japan, and Australia where royalty are admired and the Queen is still seen as the Head of State. Firms also observe that the royal warrant causes customers to presume that they charge premium price for their products/services even though their prices may actually be as competitive as their less prestigious non-warrant holding counterpart. Such a preconception can work to the advantage of some firms that have luxurious image and are already selling their products/services at premium price. However, it can also work to the disadvantage of other firms that are trying to price their product more competitively to their rivals.

Furthermore, we found evidence to support our theory that the value of an IBR such as the royal warrant is highly dependent on its consecrating institution. Through our interview and secondary resource analysis, we found that other monarchies in countries like France, Italy, Germany, Austria, Russia, and India grant recognition in a form similar to the British royal warrant. However, their royal warrants became valueless when the monarchies in these countries were abolished (Heald, 2003). We also found that surviving monarchies from countries like Belgium, the Netherlands, Denmark, Sweden, Japan, Brunei, and Oman continue to grant royal warrant but their warrants are lesser known outside of their realm. In some cases, many people do not know that these monarchies still exist and, therefore, the symbolic value of their royal warrant cannot be realized by the warrant holding firms. In contrast, the British monarchy is world famous and its royal warrants are recognized in many countries outside the UK and the Commonwealth. Mann (2012) cited research from Brand Finance, which estimated that the value of the British monarchy as a brand is worth 44 billion pounds. The research also indicates that UK businesses gain about 4 billion pounds from the royal warrant and that all of the royal warrant companies together enjoy about 400 million pounds worth of reputational benefits.

Nonetheless, we believe it is important to point out that in recent years there have been debates about the value of royal patronage. Some people question the benefits, relevance, and appropriateness of the royal warrant to businesses today. Lewin (2000) compares the royal warrant to celebrity endorsements and argues that nowadays celebrities are more

appropriate endorsers than some members of the royal family because they “correspond to more realistic and relevant connections between the endorser and the endorsed, and give a real reason to believe in the brand or service proposition.” She believes that the successful endorsers of the future will be those that can build “connections between real people and their dreams.” Godsell (2007) also finds that for some companies, the royal warrant crest can be seen as a ‘slightly old fashioned hierarchical mark’ that may not fit with a company’s more contemporary image and that it may even alienate a younger generation of consumers. Hence, a number of companies such as Selfridges and Carphone Warehouse play down the display of their royal arms. Moreover, there are other quality standards and awards given to firms by other institutions such as ISO, kitemarks, and six sigma. These awards have clearly defined rules and criteria for the products they evaluate making the royal warrant a relatively imprecise scale by comparison.

Additionally, the renewal and withdrawal of royal warrants can depend on external factors uncontrollable by the royal warrant holding firms. Such uncertainty lessens the royal warrant’s attractiveness as a resource as well as causes firms to be highly vulnerable and ill-prepared to mitigate risks in the event that their warrant is not renewed or revoked. For example, in 1999, the royal warrants to a tobacco company, Gallaher, which produces Benson & Hedges and Silk Cut cigarettes, were not renewed and were interpreted as a political move by the royal family to be more health-conscious (“Royal Warrant Stubbed Out”, 1999). In 2000, the Duke of Edinburgh withdrew his warrant to Harrods, the famous high-end department store in London, a move that many believe intended to publically sever the ties between him and Harrod’s owner, Mr. Mohammed Al-Fayed. The Duke’s action has prompted the discontinuation of the warrants from HM Queen and HRH the Prince of Wales in subsequent years and thus ended Harrods’ 45 years’ association with the royal household (Barkham, 2000). Lastly, in 2007 when Burberry, a luxury clothing and accessory company, decided to lay off 300 people and move its factory from Wales to China, it incurred “the wrath of Welsh MP Chris Bryant,” who demanded the withdrawal of the two royal warrants given to the brand in 1955 and 1989 (Godsell, 2007). Although its royal warrants were not discontinued, in 2009 Burberry removed the royal arms from its home page and placed them in the history section of its website. For these reasons, companies may no longer want royal patronage because they want to prevent potential damages to their brand image and reputation and avoid the financial costs of removing the

royal arms and redesigning something else in its place when their warrants are not renewed or are withdrawn.

Consequently, the value and attractiveness of the royal warrant as an IBR ought to be improved and carefully managed. For instance, many royal warrant firms believe that greater public awareness of the royal warrant, locally and internationally, as well as increased consumer understanding of the high standards involved in achieving one would allow the firms to reap greater reputational and economic benefits from their royal warrant. They believe that the RWHA should help them campaign for such a cause. Furthermore, the RWHA should enhance the symbolic and economic value of the membership in its association by organizing more networking events for its members so that they can develop stronger personal and business relationships with each other. Additionally, we believe the RWHA can preserve the symbolic value of the royal warrant through finding a balance between upholding the high standards of their members and maintaining a good level of membership exclusivity. Downgrading the quality threshold to accept and consecrate more members will dilute the value of the royal warrant; toughening it too strictly will greatly reduce the number of association members and render the royal warrant inaccessible to firms. Without a sufficient number of royal warrant holders, the royal warrant will risk becoming irrelevant to consumers.

### **Future Challenges and Cautions**

Based on our research, we can see that the royal warrant is still a highly valuable and prestigious form of recognition for individuals and businesses to receive even though in recent years it has come under scrutiny from those who are skeptical about royalties and is exposed to competition from many alternative consecrating institutions and recognized bodies, such as ISOs, CEs, and kitemark that are newer and more directly measurable in terms of impact on the bottom line. As with any consecrating institutions, we believe the monarchy must maintain its institution and try to evolve with the changing times in order to retain its significance and to preserve the value of its IBR. We wish that future research would study the royal warrant from the ritual theory perspective and examine how the granting of royal warrants is an institutional maintenance mechanism that keeps the British monarchy relevant in contemporary society.

We believe that any form of recognition that is granted to or acquired by firms will be most beneficial to them when there is a fit between the award, the patron/endorser, and the

firms' value proposition and product/service offerings. Additionally, there are other factors such as the size and age of the firm, the size of the market, and the number of competitors within the sector that can influence the value of an award given to a particular firm. A small young firm in a niche market may experience a greater impact on its business from the same award given to a large and established firm that sell its goods and services in the mass market. Therefore, the main challenge for a firm lies in choosing which awards it should try to pursue in order to maximize its strategic advantages.

Finally, we also want to caution firms about having too many or too few awards, as it can hurt firms in the same way that 'too many chefs spoil the broth' or 'when less is less.' By focusing a firm's energy on getting awards and meeting their criteria, a firm can often lose sight of its core business activities. Most importantly, a firm must make sure that the awards and recognitions it receives or is going to pursue are valued by its end consumers and other stakeholders whose support is critical to the firm's operation and long term survival.

## **CHAPTER 7: CONCLUSION, CONTRIBUTION, AND DIRECTION FOR FUTURE RESEARCH**

In this dissertation, we have proposed the concept of institution-based resource (IBR). In order to investigate how our newly proposed concept applies in real-life situations, we conducted three different case studies. We developed our concept of IBR primarily from our review of literature on resource-based theory, institutional theory, cultural consecration, and symbolic capital. We provide evidence to show that there are many different forms of IBR, such as awards, honors, titles, and certificates and that these resources are especially valuable for individuals and firms operating within cultural industries where cultural consecration is needed to legitimize producers and valorize their cultural products.

We define an IBR as a valuable and symbolic resource that is consecrated by institutions and granted to/attained by individuals and/or firms based on each institution's merit system, and then used by individuals and/or firms as means to further achieve their objectives. We argue that an IBR is a valuable resource because it holds institution-specific symbolic values which individuals and firms can use to further acquire or to convert such values into other forms of capital. We believe that the symbolic capital of an IBR can confer several advantages on its holder. Chiefly, it can establish legitimacy and lend prestige to the consecrated producers and their cultural products. It can also enhance the status and reputation of its holder, thus differentiating the IBR holders apart from their competitors. We further argue that the accumulation of these symbolic advantages can produce a Matthew Effect (Merton, 1968) for IBR holders, allowing them to receive greater reward and recognition for doing the same task as their unconsecrated counterparts. As a result, holders of an IBR can gain an advantageous position over their rivals and increase their organization's longevity. For this reason, an IBR can be considered a strategic resource and a source of a firm's competitive advantage. Additionally, we observe that the value of IBR is tied to the strength of its consecrating institution and is a function of the level of exclusivity in which it is granted.

We emphasize that for an institution to successfully consecrate a valuable IBR, it must possess organizational and cultural legitimacy as well as symbolic capital. We discussed that there are three types of organizational legitimacy: pragmatic, normal, and moral

(Suchman, 1995). We also point out that there are three kinds of cultural legitimacy: specific, bourgeois, and popular (Bourdieu, 1993). Furthermore, we point out that there are internal and external factors that can undermine the legitimacy of a consecrating institution. Internally, the institution's selection and consecration processes may not be transparent or legitimate which can cause many people to disregard the institution and consider its IBR worthless. The institution may also be entering a stage of decline wherein it lacks the support of its members or is unable to recruit a sufficient number of new members to extend the life of the institution. Externally, the institution can face competition from other consecrating institutions and also encounter dramatic changes in consumer preference and industry environment that render the institution and its IBR obsolete. To prevent such an end, we advise consecrating institutions to be innovative and flexible and to find a balance between maintaining their traditional values and adapting to external demands.

We use the concept of IBR as a common thread to weave together our three case studies. In Chapter 4, we learnt that designers are consecrated in the roles of couturier and creator at Paris Fashion Weeks and that these roles are valuable IBRs that enhance designers' prestige and reputation and help them to develop and expand their operations locally and internationally. However, we also noted that the symbolic value of the couturier role is slowly eroding due to the decline of the haute couture industry as well as the internal and external challenges that threaten the strength and legitimacy of its consecrating institution. Additionally, we learnt that fashion field members often form symbiotic relationships and mutually consecrate each other with symbolic capital. The interdependent relationships between and among field members can encourage them to adopt common values and practices that ultimately contribute to the consolidation and replication of the field of fashion. Furthermore, ritual and field configuring events like fashion weeks and award ceremonies can be considered as institutional maintenance mechanisms that help consecrating institutions like the Federation safeguard their leading positions and the value of their IBR.

In chapter 5, we conducted research on the process art museums use to consecrate a fashion designer as an artist and his/her work as art. We discovered that museums use two tactics in establishing designers as artists. First, the museums will assert the designer's artistic talent. Then, they will validate their assertion by contextualizing the designer's work in relations to other artists and documenting his/her influence on styles and fashion icons.

Through newspaper exhibition reviews, we learn whether or not the museums succeeded in consecrating fashion designers. We believe a positive newspaper review is a form of acceptance, while a negative review is a form of challenge to the museum consecration of designers. In their extreme, positive reviews can be considered as a co-consecration of the designers by the media and negative reviews as a form of desecration. We found that consecration by highly respected cultural institutions like the Metropolitan Museum of Art and the Victoria and Albert Museum can positively affect a designer's commerciality. Consequently, the symbolic value of museum consecration becomes a highly prized IBR for designers and fashion houses. Through special exhibitions, art museums can elevate the prestige and status of a designer and increase his/her visibility to consumers locally and internationally. More importantly, museum consecration can certify the cultural significance of a designer's work and is implicitly used as a justification for the expensive price of his/her 'art.' Additionally, we found that special exhibitions are rituals and field configuring events that strengthen the field of art and the museum as its consecrating institution. The more art museums launch scholarly exhibitions, the more symbolic capital they accumulate; thus the stronger their power to consecrate, and the more valuable their IBRs become. However, we also pointed out that special exhibitions can raise controversies and weaken the art museum's legitimacy, particularly when it is poorly curated and when its benefactor becomes the subject of the exhibition or stands to profit commercially from such "self-funded" exhibition.

Finally, in Chapter 6, we observed how the symbolic value of the royal warrant is a very valuable IBR to its holding firms. The royal warrant is an example of a one-way consecration where the symbolic value of the consecrating institution consecrates symbolic value for the consecrated but not vice versa. Our research reveals that firms believe the royal warrant is a prestigious and effective quality symbol that helps strengthen a firm's reputation and competitive position, especially when entering into foreign markets like the US and Japan where the monarchy is adored. The royal warrant makes a firm's connection to the British royal family visible to customers and helps establish the firm and its products/services as more trustworthy and special compared to those of its rivals. We found statistical support for our hypotheses that a firm's decision to use the royal warrant to promote and attract stakeholders to their business is dependent on its perception of the royal warrant as a prestigious and effective quality symbol. The more a firm perceived the royal warrant to be a prestigious and effective quality symbol, the more likely that firm would use it to market

their business and attract stakeholders to their firms. We found a statistically significant but rather small size effect which indicates that family firms are more likely than non-family firms to prominently display their royal arms to promote their businesses. However, we did not find statistical support for our hypotheses that firms' decisions to verbally publicize about their royal warrants and to place the warrants on their marketing materials depends on their ownership types (family or non-family firms). Additionally, we did not find statistical support for our hypothesis that firms' decisions to use the royal warrant to promote their businesses depends upon the types of goods/services (Veblen or Ordinary) they offer. Nonetheless, the fact that many firms generally use the royal warrant to promote their business suggests that firms are trying to convert the symbolic capital of the royal warrant into economic capital. Such activities verify our IBR concept, which argues that IBR is a valuable resource because its symbolic capital can be converted into other forms of capital advantageous to its holders.

We have also stressed that individuals and firms must be strategic in choosing which IBR to pursue. They should choose the IBR that fits with their career and business objectives and is consecrated by respectable consecrating institutions so that the value of the IBR gained will endure. For example, an actress who wants to build a successful career in the film industry may want to pursue awards for acting like the Oscars or the BAFTAs as such awards can have a direct and significant impact on her career and financial remuneration as opposed to trying to win a Nobel peace prize which is a great personal honor but is not helpful to advancing her acting career. Equally as important, individuals and firms must develop the capability to manage and convert the symbolic capital of their IBRs into the forms of capital that are most beneficial to them. Throughout our research, we find that firms try to capitalize on their IBR at different levels of capability and intensity. Some firms are more capable and rigorous than others in maximizing their economic gains from the symbolic value of their IBRs. In the case of royal warrant firms, we observed that many firms consistently use the royal warrant as an integral part of their promotional campaign while others do not make much use of the symbolic value of their royal warrant, a few even excluding it entirely from their marketing materials. An important lesson here is for individuals and firms to recognize the value of the resources they hold and to develop capability to maximize the use of such resources for competitive advantage.

## **Contributions**

We believe our concept of IBR contributes to both institutional and resource-based theories. Prior research on institutions often focuses on how institutional requirements constrain firms' behavior and overlooks the possibility that such requirements can enable firms' behavior as well (Hodgson, 2006). In our research, we have shown that institutions can be a valuable ally for firms when they confer on them valuable IBRs like awards and honors. Symbolic capital, such as legitimacy, prestige, status, and positive reputation that institutions confer on IBR, can help strengthen firms' competitive position and thus help firms gain competitive advantage against their rivals.

Furthermore, we believe that our research also adds to the concept of institutional work that Lawrence et al. (2009) discussed, particularly on the maintenance and preservation of an institution. We have argued that rituals and field configuring events like fashion weeks and special museum exhibitions are important institutional maintenance mechanisms that help reinforce the norms and values of the consecrating institutions and also those of the fields in which they operate. As a result, these institutional maintenance mechanisms facilitate the replication of the institutions and the fields; thus increasing their longevity. Additionally, institutional maintenance is important for preserving the value of the IBR. In all three of our case studies, we observe that the value of an IBR fluctuates as the strength and legitimacy of their consecrating institutions come under both internal and external threats. Consequently, it is important that a consecrating institution learns to maintain its institutional legitimacy and leading position in a field in order to uphold its consecrating power and keep the value of its IBR from eroding over time.

Our concept of the IBR also adds to studies by Oliver (1997) and Peng et al. (2009), who highlighted the importance of combining institutional theory with resource-based theory in a firm's strategy formation. In our study, we advocate that a firm's strategy should focus on using interpretive flexibility to conform/adapt to institutional requirements, acquiring and/or maintaining an IBR, and building capabilities to convert and maximize the symbolic value of the IBR into economic capital. In this way, firms will be able to gain institutional support, obtain valuable IBRs, and build up superior resources and capabilities to overtake their rivals. Finally, our concept of the IBR advances the resource-based theory of strategic resources as the source of firms' sustainable competitive advantages (Barney, 1991).

Through our case studies, we have demonstrated that firms can gain competitive

advantage from strategic resources like the royal warrant in which they have limited or no control. Nonetheless, we recognize that there are a few limitations to our study and that our concept of the IBR will greatly benefit from future research.

### **Limitations and Directions for Future Research**

Our research has a few limitations that can provide good opportunities for future research. A shortcoming of any case study research is that it is difficult for the findings to be generalized to different settings. We have tried to increase the validity, reliability, and generalizability of our research by conducting case studies of different industries and in a variety of contexts in order to show that our concept of the institution-based resource can be applied in a multiplicity of settings. Nonetheless, we hope to see future studies that will carry out similar research in different contexts so that we may learn how different institutional, cultural, and market factors affect the value of the IBR beyond our initial contemplation.

Our research did not measure the symbolic value of the IBR in economic terms as it was outside the initial scope of our study. It would be interesting to see future research that will systematically quantify the symbolic value of the IBR in real economic terms because learning from such study could help firms develop more effective strategies to determine which resources to acquire and how much investment firms should put into procuring such resources so as to minimize cost and maximize economic returns.

We mentioned in Chapter Two that firms should find “a novel way to conform” to the institutional requirements to gain legitimacy and be consecrated with an IBR. Future research could examine if there is a continuum of “novel ways to conform” to institutional requirements and what would be the conditions and/or boundaries that would qualify such an action as an innovation. Such research could also identify the different types of innovation, such as a conformist innovation, an innovation that conforms to existing rules, and a deviant innovation, an innovation that breaks away from the rules, and assess the extent to which firms can use the different types of innovation to satisfy institutional requirements.

In our case studies, we encountered the value dilemma of the IBR and believe that it warrants future analysis. We observed that when consecrating institutions grant too many or too few IBRs, they affect the value and significance of the IBR. When an IBR is awarded

to too many firms, the IBR loses its exclusivity and, thus, its ability to set its holders apart from the many. On the other hand, when an IBR is awarded to too few firms, the IBR becomes too exclusive and its holders too small in number to exert significant influence on the industry or to be taken seriously by industry observers. Consequently, future research should investigate the conditions for institutional exclusivity and identify criteria to help institutions realize the right balance of exclusivity in order to maintain the value of its IBR. It could start by looking at how consecrating institutions like the Federation can increase the size of its membership while maintaining exclusivity, keeping high standards, and preserving the value of its IBR at the same time.

Moreover, we believe that further research can examine how changes in the competitive environment could affect the consecrating institution and the IBR it consecrates for individuals and firms and explore how they can maneuver through such changes in order to preserve the institutions and the IBRs. For instance, our exploration of the luxury fashion industry reveals that the internet has become a new channel for the marketing and selling of fashion products for both the traditionally consecrated and unconsecrated producers of fashion. Many items made by leading designer brands and high street brands are now sold on the same websites, like Amazon and eBay. This change has challenged the traditional methods that high-end fashion brands used to distinguish themselves from the mass market brands, such as artful product presentation in upscale boutiques, attentive staffs, and personal tailoring services. It would be interesting to learn how luxury fashion brands can maintain their exclusive image and distinction in a virtual retail space where the experience of online shopping is non-exclusive and mundane across websites.

Furthermore, many luxury fashion houses are beginning to show their collections online, in addition to staging traditional shows at fashion weeks, in an attempt to reach more customers directly and inexpensively. Future research should examine how such direct contact between the fashion brands and their customers challenges the purpose, power, and position of traditional consecrating institutions such as the Federation and fashion magazines that are used to consecrate designers and influence the consumer's taste for fashion products.

We also think that it would be helpful for future research to consult Vroom's (1964) expectancy theory to understand why and how individuals and firms pursue an IBR. According to Vroom (1964), there are three factors that motivate employees to perform their tasks: the appeal of the reward to the employee (*valence*), the employee's

expectation that greater effort will result in better reward or outcome (expectancy), and the perception of the employee that he will be rewarded for his efforts (instrumentality). Firms have much to gain from a good understanding of the relationships among these three factors and their influence on an agent's motivation. Findings from such a study could allow firms to manage better its employees expectations and appropriately alter their operational policies and remuneration schemes to keep their employees motivated to deliver good performance on their jobs and thus allow firms to achieve their objectives and succeed in the marketplace. Firms can also use the three factors in Vroom's (1964) expectancy theory to help them decide which IBRs to pursue and to form fitting strategies and tactics to pursue them.

Additionally, more thorough research could also be conducted on the different kinds of consecrations. In our research, we briefly distinguish two types of consecration: one-way and two-way (mutual) consecrations. However, there may be more than just these two types of consecration that we identified. Furthermore, it may be useful to distinguish the different types of consecration by their attributes, whether they are symbiotic, parasitic, or synergistic. Researchers may wish to investigate the similarities and differences amongst the different types of consecration and identify which ones confer IBRs with greater symbolic value. They might also describe the ways in which a firm can best capture the symbolic value inherent in these different types of consecrations. They could try to explore whether there is a spillover effect of consecration amongst the network of players within a field. For example, we observe that the Man Booker Prize benefits not only the authors who won the awards but also their publishers. Researchers may also like to extend our research and verify that multiple consecrations of an individual or a firm by many consecrating institutions like university, government agency, and the media will yield Merton's (1968) Matthew Effect.

Finally, scholars could examine different types of IBR more closely. We observed that different types of IBRs can produce different symbolic effects. For example, prizes and awards are IBRs that produce a net positive effect on their winners. Ranking, on the other hand, is an IBR that positively affects the reputation of those who are at the top of the list. However, it also generates a rather negative reputational impact on those who are at the bottom of the list. Hence, it is worth investigating the different processes of consecrating different types of IBRs as well as examining the different ways in which people perceive and evaluate these IBRs so that we can thoroughly understand why is it that some IBRs produce

more positive symbolic effects for individuals and firms than others. In the end, we hope that our concept of the IBR will inspire a series of future efforts resulting in new discoveries that will advance our knowledge and understanding of resources and the strategies to manage them.

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## **APPENDICES**

APPENDIX 1: LIST OF MEMBERS TO THE FEDERATION IN 2012

THE FRENCH FEDERATION MEMBER LIST 2012		
HAUTE COUTURE		
PERMANENT MEMBER	CORRESPONDING MEMBER	INVITED MEMBER
CHANEL	VERSACE	ALEANDRE VAUTHIER
CHRISTOPHE JOSSE	GIORGIO ARMANI PRIVE	BOUCHARA JARRAR
CHRISTIAN DIOR	ALEXIS MABILLE	JULIEN FOURNIE
ADELINE ANDRE	ELLIE SAAB	ON AURA TOUT
GIAMBATTITA VALLI	VALENTINO	IRIS VAN HERPEN
STEPHANE ROLLAND	MAISON MARTIN MARGIELA	YIQING YIN
ATELIER GUSTAVOLINS		MAISON RABIH KAYROUZ
GIVENCHY		
FRANK SORBIER		
JEAN PAUL GAULTIER		
READY TO WEAR		
ALEXANDER MCQUEEN	GASPARD YURKIEVICH	MIHARAYASUHIRO
ANDREW GN	GIAMBATTISTA VALLI	MIU MIU
ANN DEMEULEMEESTER	GIORGIO ARMANI	MUGLER
ANNE VALÉRIE HASH	GIVENCHY	NINA RICCI
ARNYS	GUSTAVOLINS	PACO RABANNE
AZZARO	GUY LAROCHE	PAUL SMITH
AZZEDINE ALAÏA	HAIDER ACKERMANN	PAULE KA
BALENCIAGA	HENRIK VIBSKOV	PEACHOO+KREJBERG
BALMAIN	HERMÈS	PIERRE CARDIN
BARBARA BUI	HERVÉ LÉGER	RAF SIMONS
BRUNO PIETERS	ISABEL MARANT	RENOMA
CACHAREL	ISSEY MIYAKE	RICK OWENS
CARVEN	JEAN PAUL GAULTIER	ROCHAS
CELINE CERRUTI	JEAN-CHARLES DE CASTELBAJAC	ROLAND MOURET
CHALAYAN	JOHN GALLIANO	SHARON WAUCHOB
CHANEL	JOHN RIBBE	SHIATZY CHEN
CHLOÉ	JUNKO SHIMADA	SONIA RYKIEL
CHRISTIAN DIOR	KARL LAGERFELD	STELLA McCARTNEY
CHRISTOPHE JOSSE	KENZO	STÉPHANE ROLLAND
COLLETTE DINNIGAN	KRIS VAN ASSCHE	TSUMORI CHISATO
COSTUME NATIONAL	LANVIN	VALENTINO
DAMIR DOMA DICE KAYEK	LÉONARD	VANESSA BRUNO
DRIES VAN NOTEN	LOEWE	VÉRONIQUE LEROY
ELIE SAAB	LOUIS VUITTON	VERSACE
EMANUEL UNGARO	LUCIEN PELLAT-FINET	VIVIENNE WESTWOOD
FACONNABLE	LUTZ HUELLE	WOORYOUNGMI
FELIPE OLIVEIRA BAPTISTA	MAISON MARTIN MARGIELA	YOHJI YAMAMOTO
FRANCESCO SMALTO	MANISH ARORA	YVES SAINT LAURENT
FRANCK BOCLET	MARITHÉ & FRANCOIS GIRBAUD	ZILLI
FRANK SORBIER	MAURIZIO GALANTE	ZUCCA
HAUTE JEWELRY (Since 2010)		
BOUCHERON	CHAUMET	VAN CLEEF & ARPELS
CARTIER	DIOR – JOAILLERIE	
CHANEL- JOAILLERIE	MELLERIO DITS MELLER	

SOURCES:

<http://www.modeaparis.com/en/members/>

<http://www.prestigium.com/news/mode/la-haute-joaillerie-mariee-a-la-haute-couture-1393/>

## APPENDIX 2: ROYAL WARRANT QUESTIONNAIRE

### **Questionnaire: The Royal Warrant and Quality Symbol**

*There are 5 sections in this questionnaire. Please complete it by placing X in the appropriate box, and by inserting your views where requested. The questionnaire should require approximately 15 min. of your time. Alternatively, you can complete this questionnaire online at <http://www.surveymonkey.com/s/myroyalwarrantsurvey>. Your responses will be kept private and confidential.*

#### Section 1: General Information about you and your company

1.1 Your Name: \_\_\_\_\_

1.2 Job Title or Position: \_\_\_\_\_

1.3 Name of your Organization: \_\_\_\_\_

1.4 Number of employees: \_\_\_\_\_ 1.5 Year of foundation: \_\_\_\_\_

1.6 In which industry does your business operate?

- |   |   |
|---|---|
| <input type="checkbox"/> a. Food & Beverages/Catering             | <input type="checkbox"/> h. Furnishing, Décor, Art & Antiques     |
| <input type="checkbox"/> b. Clothing & Accessories                | <input type="checkbox"/> i. Transportation & Vehicles             |
| <input type="checkbox"/> c. Construction & Hardware               | <input type="checkbox"/> j. Computer/Software/Printing/Stationery |
| <input type="checkbox"/> d. Cleaning & Maintenance                | <input type="checkbox"/> k. Horticulture & Agricultural Equipment |
| <input type="checkbox"/> e. Household Goods                       | <input type="checkbox"/> l. Sports, Hobbies & Entertainment       |
| <input type="checkbox"/> f. Gift & Fancy Goods                    | <input type="checkbox"/> m. Chemist/Opticians                     |
| <input type="checkbox"/> g. Electronic Goods/Communication System | <input type="checkbox"/> n. Others, please specify_____           |

1.7 Which of the following areas does your business operate? (Tick all that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> a. UK only                 | <input type="checkbox"/> f. Middle East     |
| <input type="checkbox"/> b. Continental Europe      | <input type="checkbox"/> g. Africa          |
| <input type="checkbox"/> c. North America           | <input type="checkbox"/> h. East Asia       |
| <input type="checkbox"/> d. South America           | <input type="checkbox"/> i. South Asia      |
| <input type="checkbox"/> e. Australia & New Zealand | <input type="checkbox"/> j. South East Asia |

1.8 Is your company a family-owned business?

- a. Yes  
b. No

#### Section 2: Your Royal Warrant

2.1 Which of the following royal warrant(s) does your company currently hold? (Tick all that apply)

- a. Royal Warrant from HM The Queen  
 b. Royal Warrant from HRH The Duke of Edinburgh  
 c. Royal Warrant from HRH The Prince of Wales

2.2 How long have your company held the royal warrant(s)? (*If your company held more than one royal warrants, please indicate only the one warrant that your company held the longest*)

- a. Less than 25 years
- b. Between 26 and 50 years
- c. Between 51 and 75 years
- d. Between 76 and 100 years
- e. More than 101 years

2.3 How long was your company supplying to the Royal Household until it is granted the royal warrant?

- a. Between 3-5 years
- b. Between 6-10 years
- c. Between 11-15 years
- d. Between 16-20 years
- d. More than 20 years

### Section 3: Royal Warrant and Other Quality Symbols

3.1 In your opinion, how *prestigious* is the royal warrant as a quality symbol?

1	2	3	4	5
Extremely Prestigious	Very Prestigious	Prestigious	Not Very Prestigious	Not Prestigious At All

3.2 In your opinion, as a quality symbol, how *effective* is the royal warrant in signaling the premium quality of your products/services to your customers?

1	2	3	4	5
Extremely Effective	Very Effective	Effective	Not Very Effective	Not Effective At All

3.3 Does your company hold any other quality symbols? (Examples of quality symbols are AAA Diamonds, Michelin Stars, ISO and BSI)

- a. Yes, *please go to question 3.4 and 3.5*
- b. No, *please skip to section 4*

3.4 Please list additional quality symbols your company holds and indicates how long your company has held them

- 1. \_\_\_\_\_ No. of years \_\_\_\_\_
- 2. \_\_\_\_\_ No. of years \_\_\_\_\_
- 3. \_\_\_\_\_ No. of years \_\_\_\_\_

3.5 Compared to other quality symbols held by your company, how *effective* is the royal warrant in signaling the premium quality of your products/services to your customers?

- a. Much More Effective
- b. A Bit More Effective
- c. About the Same
- d. A Bit Less Effective
- e. Much Less Effective

#### Section 4: Your Usage of Royal Warrant as a Quality Symbol

4.1 Does your company use the royal arms on any of the following? (Tick all that apply)

- |   |  |
|---|--|
| <input type="checkbox"/> a. Building & Premises                 | <input type="checkbox"/> b. Vehicles                 |
| <input type="checkbox"/> c. Stationery, Letters, Business Cards | <input type="checkbox"/> d. Packaging                |
| <input type="checkbox"/> e. Websites                            | <input type="checkbox"/> f. Advertisement/Billboards |
| <input type="checkbox"/> g. None                                | <input type="checkbox"/> h. Other, _____             |

4.2 Overall, how *prominent* is your display of the royal arms on items listed above?

1 Very Prominent	2 Prominent	3 Not Very Prominent	4 Not Prominent	5 No Displayed At All
---------------------	----------------	-------------------------	--------------------	--------------------------

4.3 How often do you use the royal warrant to *publicize* your company's products/services as premium?

- a. Constantly
- b. Frequently
- c. Sometimes
- d. Rarely
- e. Never

Section 5: Advantages Gained from Your Royal Warrant - Please indicate your agreement/disagreement with the following statements with reference to your business

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
(RW=Royal Warrant)						
5.1	RW helps to reinforce the premium image of our products/services	1	2	3	4	5
5.2	RW helps to attract more customers to our business	1	2	3	4	5
5.3	RW helps to attract more suppliers to our business	1	2	3	4	5
5.4	RW helps to attract more investors to our business	1	2	3	4	5
5.5	RW helps to attract more employees to our business	1	2	3	4	5
5.6	RW helps to improve our employees' morale	1	2	3	4	5
5.7	RW helps to improve our company's reputation relative to our competitors	1	2	3	4	5
5.8	RW helps us to avoid discounting in difficult economic conditions	1	2	3	4	5
5.9	The value of RW is directly related to the Royal Family's popularity	1	2	3	4	5
5.10	A discontinuation of our RW will harm our business' reputation	1	2	3	4	5

Further Information

Please add any specific or general comments on the issues raised in this questionnaire that you feel have not been sufficiently addressed (Please use the additional space on the back of this paper if required).



Should you wish to receive a copy of the results, please write your contact information below.

Yes, my email address is.....

Please return your completed questionnaire at your earliest convenience or **by deadline on July 31<sup>st</sup>, 2010** using the return envelope provided or Postal address: Professor Joseph Lampel, Cass Business School, Faculty of Management, 106 Bunhill Row, London, EC1Y 8TZ, England.

**Thank you very much for your time!**