

Competition and public service broadcasting: stimulating creativity or servicing capital?

Simon Turner and Ana Lourenço

Abstract

In UK public service broadcasting, recent regulatory change has increased the role of the private sector in television production, culminating in the BBC's introduction of 'creative competition' between in-house and independent television producers. Using the concept of 'cognitive variety', this paper focuses on the increasing role of the independent sector as a source of creativity and innovation in the delivery of programming for the BBC. The paper shows that the intended benefit of introducing new competencies has been thwarted by, on the one hand, a high level of cognitive proximity between in-house and external producers and, on the other, a conflict in values between the BBC and the independent sector, with many of the larger producers responding to a commercial imperative that encourages creativity in profitable genres, but leaves gaps in other areas of provision. Implications for the literature on communities of practice are noted.

Key words: Cognitive Variety; Communities of Practice; Public Service Broadcasting; BBC Television

Key words: L14; L22; L82

Word count: 11,496

Authors

Simon Turner (corresponding author), King's Patient Safety and Service Quality Research Centre, King's College London, 138-142 Strand, London, WC2R 1HH

Email: simon.j.turner@kcl.ac.uk

Ana Lourenço, School of Economics and Management, Catholic University of Portugal, Rua Diogo Botelho, 1327, 4169-005, Porto, Portugal.

Email: alourenco@porto.ucp.pt

1. Introduction

Since the mid-1970s, capitalist societies have been participating in a collective neoliberalist experiment in which the state ‘steers’ but the market increasingly ‘rows’ (Osborne and Gaebler, 1992). This idea is reflected in the trajectory of UK broadcasting reform: the British Broadcasting Corporation’s (BBC) onetime monopoly on production now covers only half of the programmes it broadcasts, while the independent sector’s involvement and contractual terms of trade with the BBC continue to improve. This has culminated in the BBC’s introduction of the ‘Window of Creative Competition’ (WOCC), a policy of promoting direct competition between in-house and independent television producers (‘indies’). The UK government argued that competition from indies would raise ‘efficiency’ (DCMS, 2005a), inject ‘creativity and innovation’ into programme making (DCMS, 2005b), and ‘deliver range and diversity’ of output (DCMS, 2006). The regulatory dilemma facing policymakers lies in harnessing the production capabilities of the independent sector, while protecting the public service interests of the BBC. This paper engages with this problem by examining the impact of reform upon the delivery of public service broadcasting: how is greater independent sector involvement influencing the creativity and diversity of programming broadcast by the BBC?

To address this we focus on the impact of market-based reform on public service broadcasting at two scales: the *micro-level* practices of television production at the BBC and the *meso-level* strategies of firms (indies) that shape the institutional environment of the wider broadcasting industry. The first part of this paper uses the theory of ‘communities of practice’ (CoPs) to trace the effect of reform on the social organisation of television production at the BBC, as this moves increasingly from a vertically-integrated activity to a distributed practice involving competition between in-house producers and external production companies. CoPs theory suggests that an organisation’s learning capacity is embedded in the activities of its frontline communities, as this is the ontological scale at which individuals make sense of the surrounding environment and engage in interactive processes of knowing and doing (Wenger 1998; Amin and Cohendet 2004). The restructuring of production is likely to affect the reproduction of these CoPs as a growing proportion of programming is outsourced to external production companies. However, the injection of ‘cognitive variety’ (Nooteboom 2008) into programming through new producer relationships may also stimulate creativity, necessitating analysis of how the WOCC arrangement has affected creativity and diversity among the production communities serving the BBC.

While affording a fine-grained analysis of innovation practices, micro-perspectives on creativity such as CoPs theory have received criticism for neglecting the wider institutional context of industries and its enduring influence on the prospects of firms and communities (Roberts, 2006; Lave, 2008). To evaluate the impact of regulatory reform it is critical to take account of the institutional environment that shapes relations between the BBC and the wider broadcasting industry. A meso-level approach illustrates how the strategies of larger indies within the sector have influenced processes of institutional change. As well as supplying a greater volume of programming to the BBC, political lobbying allowed indies to benefit from improved terms of trade under the 2003 Communications Act. The second part of this paper traces the emergence of this institutional landscape and how it influences the delivery of public service broadcasting as relations between the BBC and the independent television production sector deepen. We argue that the concept of communities is also relevant at the meso-level as firms coordinating their actions through communities can achieve the political visibility necessary to enact institutional change.

In the next section, the construct of cognitive variety among communities (2.1) and processes of institutional change are described (2.2). The methodology used to conduct the research on the UK broadcasting industry is then described (section 3), prior to the presentation and evaluation of the findings from the empirical work (sections 4 and 5).

2. Innovation in communities and institutions

2.1 Communities and cognitive variety

CoPs theory suggests that organisational capabilities are underpinned by ‘everyday’ social practices taking place within distributed, self-organised and durable communities. Such an approach does not deny the importance of organisational governance, but sees CoPs as a response to formal managerial structures as the locus of ‘lived practice’ within organisations (Wenger, 1998, p.241). This view emerges from a social constructivist theory of knowledge which situates practices of learning within specific social contexts and cultural communities. Social embedding produces variation in practices of knowing: ‘If knowledge is contingent upon categories of thought, and these develop in interaction with the physical and social environment, then cognition is path-dependent and idiosyncratic. People will be able to understand each other only to the extent that they have developed their categories in a shared environment and in mutual interaction’ (Nooteboom, 1999, p.140). This means that CoPs are an important source of knowledge for organisations but, equally, the interactive forms of

learning around which they develop can preclude exploration and the benefits of ‘cognitive variety’ (Nooteboom, 2008). Cognitive variety represents the level of variation in the interpretive schemes of different individuals. Mutual understanding is promoted among individuals who share similar mental schemas (cognitive proximity), but creativity is more likely to arise from the interaction of individuals with differing competencies (cognitive distance), as ‘the friction of competing ideas can ignite innovation’ (Nooteboom, 2008, p. 129). To overcome cognitive proximity, firms seek access to external knowledge through a variety of interorganisational relationships, from arm’s length contracts through to more collaborative hybrid or network forms (Powell, 1990; Deakin *et al.*, 2009). This is reflected in structural reform of the BBC as innovation was theorised to emerge from greater interaction of in-house producers’ CoPs with independent sector producers.

This hypothesis can be tested by looking at the effect of organisational change on the BBC’s production communities. Specifically, the last two decades of reform in television production appear to signal a shift away from what Amin and Roberts (2008) term ‘professional communities’ to the use of ‘epistemic communities’. In the public sector, professional CoPs learn through social interaction, apprenticeship, and mastery of professional knowledge; they tend towards incremental innovation and the preservation of existing skills; and they are subject to self-regulation that inhibits radical change e.g. professional associations. Conversely, epistemic communities (e.g. dispersed scientists, researchers, and media workers) produce innovation through exploratory projects that bring together a variety of actors; they depend on mobilising ‘variety, ambiguity, and uncertainty’ (p. 361); and they are held together by peer recognition, project loyalty, and adherence to a common language and codes. Epistemic communities appear better suited to exploiting new connections and sustaining cognitive distance, while the durable ties characteristic of CoPs makes them more adept at developing a specific domain of knowledge achieved through cognitive proximity and organisational mooring.

This paper addresses questions about this shifting logic of production for delivering creativity and diversity in the BBC’s programming. Firstly, as restructuring reduces the capacity of in-house production teams, have these CoPs declined as independent sector involvement in programming has grown? If not, what has supported the reproduction of existing CoPs? Secondly, in what ways has a more flexible production regime supported creativity and

diversity in programming production, as core objectives of widening independent sector involvement? Rather than treat CoPs and epistemic communities as discrete forms, these questions explore the relations between these differently organised practices in the market-based delivery of public services.

In moving away from vertical control of production (through CoPs), the BBC is exposed to a market system that carries greater relational risk as private enterprises are not governed by the same public service remit or values. In the absence of hierarchical coordination through the BBC, what challenges lie in aligning the independent sector with the purposes of public service broadcasting? In such a context, the institutional environment that characterises the wider broadcasting sector takes on greater importance in the governance of interorganisational relations. This includes the informal conventions of interaction associated with communities, but it also extends to more systematic arrangements for coordinating economic exchange including contracting regimes, legal rules, property rights, and regulation and industrial policy in general (North, 1990). To evaluate the impact of widening independent sector involvement, the ways in which this institutional environment influences and is influenced by relations between the BBC and indies needs to be traced.

2.2 Institutional analysis

New institutional economics draws attention to the institutional arrangements in which the activities of firms and communities are embedded. Institutions are read as ‘the humanly devised constraints that structure human interaction’ (North, 1993, p. 360). These include formal rules and laws as well as informal conventions and norms of behaviour. While the concept of CoPs emphasises the informal basis of learning through mutual interaction, less attention has been paid to the influence of formal institutional mechanisms on the sociology of their practices. Perhaps a feature of the ethnographic methods often used by researchers to describe the social dynamics of CoPs, there remains a tendency to view these groups ‘from within’ (e.g. Gherardi, 2009). By contrast, institutional analysis – in viewing social practices as shot through with institutional rules of varying origin and formality – creates a space for analysing the relationship between economic actors and the institutions that shape their practices.

The influence of formal institutions on organisations and communities can be observed in institutional change, as this has the capacity to alter the behaviour of these groups. The opportunities created by the dominant institutional framework will heavily influence the types of organisations that emerge within an industry and their evolution (North, 1990). However, there is no consensus in the literature about the relevant actors or processes by which institutional change is brought about. The varieties-of-capitalism approach argues that firms are key agents of change, ‘constrained by the existing rules and institutions but also looking for ways to make institutions work for them’ (Hall and Thelen, 2009, p. 10). This macro-level perspective has been criticised for its preoccupation with the style of national institutions as this hides the variety of institutional arrangements that exists within economies. For example, Crouch *et al.* (2009) show that industry- or region-specific institutional environments can often deviate from the national model, based on the development by companies of local governance structures that meet their own market needs. In accounting for local variation, one can point towards the action of ‘institutional entrepreneurs’ that participate in ‘changing and creating the institutional contexts within which innovators in the normal sense operate’ (Crouch, 2007, p. 3). This actor-centred perspective on innovation resonates with the theory of CoPs as both see creativity manifest in the building of collective relations among self-organising agents. However, both perspectives lend considerable weight to the informal organisation of innovation-seeking groups, but pay little regard to the structural constraints imposed upon these groups including the competing interests of other social and political agents.

The equation of institutional change with the actions of self-interested firms has been met with resistance from other scholars for neglecting the interests of government and political conflict in processes of change (Howell, 2003). For varieties-of-capitalism analysts, even governmental reform is viewed ‘as a process built on coalitional politics, in which segments of capital are usually pivotal’ (Hall and Thelen, 2009, p. 20). As pointed out by Howell (2003), this implies a secondary role for states who ‘act largely at the behest of employers’ (p. 110). This creates a picture where ‘capitalist political economies and the social relations that undergird them are fundamentally nonconflictual; the interests of different actors can be effectively coordinated for long periods by sets of institutions’ (Ibid). This picture is deficient. Firstly, it assumes that firms are relatively homogenous entities and denies the varied interests, evolutionary paths, market strategies, and financing arrangements that organisations

possess. There are multiple interests at stake in institutional change and, based on their heterogeneity, new arrangements produce variegated outcomes for the actors involved. Secondly, it assumes that government policy is oriented towards the efficient functioning of market economies, with the consequent neglect of its broader regulatory role in governing relations between state, market and society (Wright, 2009). For example, despite undergoing two decades of market-based reform, the full marketization of UK broadcasting has been resisted due to concern about safeguarding the public service elements of broadcasting (Deakin *et al.*, 2009).

This implies that no straightforward relationship can be drawn between the firm and processes of institutional change. Institutions embody a diversity of interests and produce variegated effects, as they represent the outcome of imperfect relations between the state and heterogeneous firms. We suggest that communities within and among firms represent important spheres of economic activity that interact with institutional processes and explain their variegated effects. They do so in two ways. Firstly, firms able to change the institutional environment exert influence by acting within communities that become visible political ‘mediators’ (Latour, 2005). We might see institutional entrepreneurs as special cases of CoPs that have the organisational focus and resources necessary to adapt the institutional environment in which they are embedded. One example would be medical professionals within the UK’s National Health Service (NHS) that mediate innovations within the sector via powerful institutionalized CoPs (formally ‘Royal Colleges’) (see Ferlie *et al.*, 2005). Other communities, lacking equivalent resources and organisation, may exert less influence. Secondly, institutional change affects the behaviour of communities as sites of knowledge formation that can be disrupted by new institutional rules. It is in this sense that institutional embedding influences practices of creativity.

To sum up, the concept of communities would seem to be of central importance in understanding processes of regulatory reform, as both a vehicle for influencing the terms of economic exchange within industries and a locus of socially-organised knowledge within and among firms that is susceptible to external change. Institutional analysis develops the theory of CoPs by situating the micro-practices of innovation undertaken by communities within a wider institutional framework that structures or orders those practices, but may be influenced by those practices in turn. Equally, CoPs theory develops institutional analysis by opening up

a conceptual space in which the influence of regulatory and institutional change upon economic practice (i.e. innovation capacity) can be studied.

The empirical context for the analysis of communities is the UK broadcasting industry, and specifically the deepening relationship between the BBC and the independent television production sector. Following a brief overview of the research methodology (section 3), the regulatory and institutional reforms affecting the UK broadcasting industry over the last two decades are reviewed. The empirical material is then presented. In section 4.1, the reforms are assessed against the aim of exploiting cognitive variety to bring new competencies to bear on programming commissioned by the BBC. In section 4.2, the implications of affording a greater role to indies in the delivery of BBC programming are evaluated from an institutional perspective. Concluding remarks on communities and institutions are made in section 5.

3. Methodology

There are four public service broadcasters in the UK: BBC, Welsh Authority (S4C), providers of the licensed public service channels (Channel 3, Channel 4 and Five), and the public teletext provider (Teletext). As defined by statute in the 2003 Communications Act (c.21, section 264), public service broadcasting should: deal with a wide range of subject matter; be shown at a time relevant to audiences; be balanced in coverage; and be produced with a high standard of content, quality, and professional skill and integrity. The television sector is regulated by OFCOM (Office of Communications), an independent authority created under the 2003 Communications Act to replace five separate regulators of the communications sector, including the Independent Television Commission (ITC). OFCOM furthers the interests of ‘citizens’ and ‘consumers’ by maintaining plurality in broadcasting provision and by promoting competition, where appropriate. The independent sector’s trade association is PACT (Producers Alliance for Cinema and Television). Formed in 1991, PACT represents the interests of its members (over 600 companies) to governmental bodies and negotiates production terms with major broadcasters and other purchasers of media content.

The research is based on 15 semi-structured interviews with key stakeholders from the UK television industry conducted in the spring of 2008 (see Table 1). These interviews relate back to a further set of 20 semi-structured interviews that was conducted in 2002-2003 by a team of researchers in which one of the authors was involved (Deakin *et al.* 2009). In a number of

cases, the same respondent was interviewed twice (in 2002-2003 and then in 2008), thus facilitating apprehension of the trajectory of organisational and institutional change from the actors' point of view. The interviews reported in this paper develop the earlier round by reflecting on the implications of the introduction of the 2003 Communications Act and exploring their effects in the context of further organisational reform at the BBC (the 'WOCC').

An aide-memoire was prepared for each interview and this acted as a checklist for discussing a number of key issues: the current composition of the UK television industry; the impact of recent regulatory and organisational changes on broadcasters and indies, notably the change in the terms of trade and the introduction of the WOCC; the likely sources of creativity and quality in contemporary programming and the effect of institutional pressures; and the advantages and disadvantages of making programmes through in-house and independent television production teams. The interviews (which lasted an hour on average) were tape-recorded and transcribed. The transcripts were reviewed by the project team and the evidence was categorised into different themes based on our reading of the interview data. It was at this stage that the concept of cognitive variety was recognised to be of value in interpreting the recent regulatory and organisational reforms within UK broadcasting. As such, the process of research adopted a 'grounded theory' approach (Glaser and Strauss, 1967) involving the generation of theory through the conduct of qualitative research, rather than collecting data that merely supports the tenets of extant theory.

An interview-based approach affords the collection of in-depth, discursive material from a range of voices, enabling the complex effect of regulatory reform upon the organisational strategies of multiple actors to be described. A wider range of actors was approached for interview, including a further number of prominent indies and broadcasting professionals, but our requests were either declined or no response was received. However, we feel that the interview data captures the perspectives of the main players within the industry (including a range of indie types). In order to triangulate the evidence generated through the interviews, other forms of data were collected: quantitative information on the evolving composition of the independent production sector; documents mapping the relationships between the BBC and the largest independent suppliers of programming; and information on programming trends in the BBC's output.

4. Regulatory change and UK public sector broadcasting

The BBC was formed under General Manager John Reith in the 1920s with the purpose ‘to inform, educate and entertain’. The BBC has an annual income of £4.6 billion (75% comes from the licence fee) and employs 23,000 staff (BBC, 2009). In relation to public value, the BBC’s stated mission outlined in the current Royal Charter and Agreement (2006) repeats Reith’s mantra and sets out six public purposes including sustaining citizenship, promoting learning, stimulating creativity, and representing the nations, regions, and communities of the UK. According to Born (2004), these Reithian or public service values continued to motivate the BBC’s television production departments in the 1990s: ‘A continually evolving Reithianism animated the BBC’s production cultures, as for decades it had informed the shared craft of British broadcasting... it formed part of the collective expertise and implicit knowledge of programme-makers’ (p. 84). In language reminiscent of the literature on CoPs, Born argues that BBC producers identified with a history of programme-making inflected with Reithian ethics and crafted in particular aesthetic styles, such that ‘their attempt to forge knowing links between generic pasts and imagined generic futures was their primary mode of professional engagement’ (p. 84-5). The ‘public service ideal’ was present in the critical, self-reflexive stance of practitioners and debated in editorial and output review meetings, ‘So [came about] the desire to innovate in the look or tone of a particular genre, or the inclination to tweak a rival’s successful format, or criticism of others for failing to deliver on a necessary BBC commitment to popularity or distinctiveness’ (p. 85).

Over the last two decades, regulatory and institutional change has altered the internal organisation of production at the BBC and changed the relationship with the external television production sector. Following publication of the Peacock Report in 1986, the BBC was reorganised in accordance with the principles of ‘quasi-markets’ (Le Grand and Bartlett, 1993) as programme-makers were separated from programme commissioners, the suppliers of production resources, to facilitate the benchmarking of costs. The 1990 Broadcasting Act introduced a production quota for the BBC and ITV which meant that 25% of programming by volume had to be contracted out to indies. Following a review of the programme supply market by the Independent Television Commission (ITC, 2002), a new wave of reforms addressed the perceived bias towards incumbent perspectives in the relationship between terrestrial broadcasters and the independent production sector. The 2003 Communications Act

realigned the contractual 'terms of trade' between broadcasters and indies signalling a move away from 'full funding' contracts to a 'licensing' model whereby producers would meet the costs of production but retain ancillary rights to the future exploitation of licensed programmes in the UK and internationally. This represented the adoption of the ITV terms of trade, and the decline of the BBC convention of awarding fully-funded contracts with the transfer of rights. This regulatory change helped facilitate the transformation of the sector from 'a pure "cottage" industry of talented creatives, beholden to the main broadcasters, to one in which several leading companies now generate significant revenues and profits and have attracted the renewed interest of the City' (Mediatique, 2005, p. 3). In April 2007, the BBC's WOCC extended the involvement of the independent sector by opening up a further 25% window of programming to competition from in-house and external production teams.

Since the late 1990s, a decline in the diversity of programming offered by the UK's public service broadcasters has been detected (Ofcom, 2004). In the five years prior to 2003, the volume of new UK-made programmes shown on terrestrial television fell dramatically in the genre of education (down 53%), and at peak-time in current affairs (down 22%), arts (down 23%), and religion (down 12%). Over the same period, Ofcom's review suggested that BBC1 was adopting an increasingly 'ratings-driven approach' showing a high proportion of drama programmes at peak-time, notably soap operas and long-running series, whilst BBC2's peak-time volume of light entertainment and factual programmes (especially 'leisure' shows) grew at the expense of arts and drama programming. The review also gathered the views of broadcasting professionals on innovation and quality, with many feeling that 'they are having to adopt an increasingly copycat approach in search of ratings' (p.32) whilst viewers were found to 'resent being repeatedly presented with similar versions of the same format' (p.59). Despite these trends, the BBC is still rated highly by audiences compared with other public service broadcasters in the UK, with a recent Ofcom survey finding that the BBC channels scored highest on quality, originality, and being engaging, with only C4 rated better on innovation (Ofcom, 2009, p.64-65).

However, the growing influence of indies in the provision of BBC programming creates new uncertainties regarding the corporation's ability to deliver creativity and diversity in its output. In particular, concerns have been raised that extending the role of the independent sector beyond the 25% quota may threaten the sustainability of the BBC's own production

capability. The Work Foundation (2005) claims that, once the independent sector becomes larger than in-house production at the BBC, a ‘tipping point’ will be reached whereby ‘independents will increasingly dictate the terms over what kind of programmes they want to make’ while the BBC ‘risks a serious hollowing-out as a creative organisation by a rapidly growing and newly empowered independent sector’ (p.7). From the perspective of the television production communities identified by Born (2004), the institutional changes may threaten the reproduction of these groups and the sociology of innovation of the broader media community in which they are situated. The consequences of this trajectory of change in the BBC’s production strategy are now assessed from CoPs and institutional perspectives.

4.1 Cognitive variety

Following the 1990 Broadcasting Act, the attempt to create an external market for programme supply encountered a number of social and institutional effects that promoted a tendency towards cognitive proximity, marked by the reproduction of an inter-organizational community of television broadcasters and producers. Firstly, there was an outflow of ‘indie trailblazers’ from the BBC into the independent sector during the 1990s as ‘Ex-BBC producers now operating as independents were offered more generous returns than had they remained in-house, raising program costs’ (Born, 2002, p. 72). As Bryson *et al.* (1997) note, spin-offs carry the competitive advantage of accumulated expertise and industry contacts derived from working with the parent company. For example, of the top ten indies used by the BBC in 2007, only Tiger Aspect Productions and Wall to Wall Television were neither founded nor headed up by staff formerly working within the BBC or other UK broadcasters (see Table 2). Secondly, the high concentration of media companies in London¹, the majority of which are located in Soho, affords informal interaction outside work in the district’s pubs and cocktail bars that engenders common ‘norms of thinking and ways of doing which transcend individual firms and industry boundaries but characterise the cluster as a whole’ (Nachum and Keeble, 1999, p. 30-31). Thirdly, the mobility of freelance workers, who represent the majority of employees in the independent sector and over a quarter of workers within UK broadcasting organisations, generates knowledge spillover effects as workers carry new ideas and tacit knowledge between firms. Finally, the BBC has shown a preference for developing long-term relationships with a limited range of producers, citing the benefits of

¹ A survey by Ofcom (2005) found that around 85% of the revenue generated by the independent sector was accounted for by production companies based in London.

secure relationships for stimulating creativity and risk-taking among programme makers, while causing ‘considerable disquiet among those independents who perceived that they were unfairly penalized by such a system’ (Deakin and Pratten, 2000, p. 343). The commissioning system remained embedded in a set of social conventions familiar to broadcasting professionals, favouring indies set up by former employees with experience of those practices and an established reputation.

These processes supported the reproduction of ‘communities of ideas’ united by a commitment to an imagined set of Reithian values that regulated the trajectory of programme making across different genres by encouraging producers to steer away from as much invention as that which they engendered. Television producers shared a mutual understanding of aesthetic styles and ethics, cognitive proximity in other words, which was not confined to producers within the BBC, as ‘their output formed part of these histories, connecting them to a wider professional world beyond the BBC and to common, genre-specific concerns’ (Born, 2004, p. 84). This outcome could be read as an attempt by commissioners to maintain the CoPs composed of broadcasters and commissioners situated within the formerly vertically-integrated structure of the BBC. While such systems of learning are recognised as significant sources of apprenticeship learning and everyday socialisation (Lave and Wenger, 1991), there is greater doubt about the ability of CoPs to engender a diversity of perspectives and thereby produce radical learning or innovation. Has the WOCC altered the diversity of programming commissioned by the BBC?

In the year following the WOCC’s introduction, the BBC commissioned programmes from 211 different indies, including 59 newly commissioned, a moderately higher number than in the two preceding years. Despite this, the figures relating to new production relationships are being treated with caution by the BBC Trust (2008), having been informed that ‘independent production companies were often set up by key figures from other companies, or by people who have recently left the BBC. As such, these production companies might already have established personal relationships with commissioners’ (p.65). Television producers working within both the BBC and indies were still perceived to share similar characteristics, as a BBC programme commissioner explained:

now we just regularly get them all together and actually the in-house discovers that actually they are just like them. They are all about the same age, they

generally come from the same social background, and actually the only difference is one is outside the BBC and one is inside.

In addition to possessing similar cognitive characteristics to incumbent providers, it is not clear whether the range of indies awarded commissions accords with the principle of variety. The BBC's preference for maintaining relationships with familiar contacts appears to have continued since the WOCC was introduced, as the commercial director of a 'super-indie' indicated:

the other key ingredient that I think all of us indies have is that we're looking for people out there who have got good relationships with the right people at Channel 4, Channel 5, BBC, and can therefore pick up the phone, walk in the door, even mention over lunch we've got a great idea. It also means that the broadcasters come to you first or come to these people first for things and that makes a huge difference.

The development of durable relationships with indies seeds mutual understanding and trust but, at the same time, the tendency to recommission existing producers may reproduce the same routines, to the detriment of exploratory practices that would encourage the breakthrough of new companies. This risk to innovation is also described in the second biennial review of the WOCC, 'some independent producers, generally those who are smaller and those who do not frequently work with the BBC, find it difficult to access the BBC's commissioning process' (BBC Trust 2010, p. 5). This highlights the stubbornness of the social relations constitutive of communities in the midst of organisational change.

As well as widening the commissioning window for indies, the WOCC was designed to increase the efficiency of in-house production teams. The BBC's management absorbed the WOCC through organizational restructuring: the capacity of in-house production teams was planned to fall by 15%, with almost 600 redundancies made between 2005 and 2008 (BBC Trust 2008). Under the WOCC regime, there is greater pressure on the BBC to mimic the independent sector's flexible use of labour as the volume of programming commissioned from in-house production teams should vary from year to year, as the chairman of a large indie observed:

there's some wastage of staff [at the BBC] because you've got some staff who are sitting around developing things hoping they're going to get a WOCC commission and that's not a very clever use of resources. We are much leaner and meaner because we only staff up when we get production, you know, where we have as many people as we need to service what we make.

The BBC's previous experience of using freelance production staff to reduce costs in the 1990s indicates that employment on short-term contracts can also inhibit learning and innovation, as Born (2004) highlights: short working relationships undermined participation in 'creative dialogue'; opportunities for apprenticeship learning were stifled as junior staff were enrolled in phases of production but unable to see whole projects through; commitment to training and professional development for casual employees declined; and production staff became wary of sharing new ideas as these were the currency by which new commissions or future employment could be secured². The casualisation of employment also undermined commitment or loyalty to the BBC, as 'the public service ethos at its core was attenuated by the new contractualism' (Born, 2004, p. 191).

The BBC's projected turn towards a regime of flexible production can be subjected to different interpretations. In private sector business networks, creativity is theorised to result from the interaction of a distributed community of actors that extends beyond the boundaries of the firm. Novelty or innovation is, or so corporate executives argue, the product of 'learning by switching ties' (Grabher, 2004). This intentionally 'disruptive' approach to project work is designed to exploit cognitive variety, as described by an art director based in London, 'You work with your favourites... but you also try new people, because of new ideas, new approaches... you look for freshness' (quoted in Grabher, 2004, p. 1501). In this view, a flexible epistemic community carries the advantage of allowing new relationships to be set up based on the bespoke needs of each project.

² The challenging working conditions facing freelance workers in the UK television production industry in the 1990s have been well documented – falling average earnings, requirements for multi-tasking, and derecognised unions (see Ursell, 2000). A recent Skillset (2008) report indicates that inequalities have persisted as, for instance, freelance workers are less likely to receive formal training than permanent employees, with 37% of freelancers receiving some training over a twelve month between 2007 and 2008, compared to 64% of permanent employees.

In television production, the use of flexible teams appears to be made possible by a cognitive division of labour within larger indies, as the pursuit of efficiency strips the epistemic content away from many roles beyond the 'core team'. Rather than creating new opportunities for knowledge development, the practices of these specific indies appear to reflect a 'core-periphery view of the flexible workforce' (Tempest and Starkey, 2004, p.509). The development of routinized formats allows programmes to be made using temporary staff assigned to roles within a flexible production system, as described to us by a senior BBC producer:

very frequently in an indie now the director is brought on after the pre-production work has been largely done, they're brought on just before the shoot. They do the shoot, they take the material into the edit where, because it's a highly formatted piece, they stay for the first two thirds of the edit and then leave for it to be completed by the series producer and editor. You may only be on contract to that production for eight, ten weeks; you will never see your programme completed. You are absolutely a gun for hire to do a job and the job's not a very creative one.

Although the BBC Trust's (2008) first biennial review of the WOCC reports in-house production teams 'raising their game' and 'rising to the challenge of increased competition' (p.11), evidence was also found that the redundancies caused by the restructuring had affected morale and increased anxiety among producers. As a policy director from C4 told us in interview, the organisational changes at the BBC highlight the balance that needs to be struck between fostering a secure institutional environment designed for experimentation that 'allows for making mistakes and getting it wrong and learning from the mistakes and moving on', and maintaining a competitive tension which ensures that production teams do not 'settle down into comfort zones just repeating what you have been doing for years'. If, however, the pursuit of flexibility comes at the cost of the reproduction of 'public service values', then the injection of variety into the corporation may tip over optimal cognitive distance, undermining in-house collaboration and the personal commitment of staff to the BBC. This risk is also identified by the Work Foundation (2005) who claim, in keeping with CoPs theorists, that creativity stems from 'freedom, autonomy, good role models, resources (including time), encouragement, freedom from criticism, and norms in which innovation is prized and failure is not regarded as fatal' (p.17).

In summary, opening a new window for indies to compete for the provision of BBC programming does not seem to be leading to the acquisition of the variety of new competencies as perhaps intended. In part, this is due to the continued displacement of BBC producers into the independent sector caused by the organisational reforms, a swathe of whom now have supplier relationships through spin-off companies. If many of the indies used by the BBC are headed up by former staff this raises doubts about whether increasing the external commissioning window will introduce additional competencies, as the new programme makers may well have developed their own knowledge inside the same institution, only now supplying the BBC as newly-formed spin-offs. More importantly, the BBC's apparent reliance on a limited range of suppliers to deliver the majority of independent programming does not necessarily accord with the plurality of provision desired when the WOCC was introduced.

Besides this cognitive proximity, the private equity funding of these spin-offs may also add an element of profit orientation that works as a disruptive element of existing common practices, as cases like "Crowngate" seem to show³. The recent changes in the relationship between the BBC and the independent production sector signal a shift away from what Amin and Roberts (2008) term 'professional CoPs' to the use of epistemic communities in television production. With regulatory and managerial sponsorship, the BBC is turning towards a 'mixed ecology' of production based on strengthening the linkages with external sources of knowledge, embodied within freelance producers and indies, to generate innovation through the interaction of a variety of actors that extends beyond the formal boundaries of the corporation. As the BBC's own production capacity is eroded, the self-policing of norms and quality conventions attributed to professional CoPs is threatened by a new organisational logic that thrives, not on the stewardship of well-established routines and reproduction of existing competencies, but on the management of a distributed network of relationships to produce dynamic or innovative capabilities (Teece *et al.*, 1997). This change also exposes the BBC to greater relational risk stemming from setting up commissioning relationships with a higher proportion of independent organisations. This article now explores the emergence of the

³ "Crowngate" refers to an incident that happened in 2007 involving the promotion of the documentary "A Year with the Queen", produced for the BBC by the independent company RDF Media. The promotional footage was misleading regarding the Queen's behaviour, and at the time some suspected that it had been wrongly edited so as to attract viewers. Although the investigation concluded that there had not been an intention to defame or misrepresent the Queen, it also pointed out that the incident revealed misjudgements, poor practice and ineffective control mechanisms (Wyatt, 2007).

institutional environment that shapes relations between the BBC and the independent television production sector.

4.2 Institutional change

Following the 1990 Broadcasting Act, the BBC was able to propagate its own culture of production when engaging with the independent sector. The 2003 reform in the terms of trade created a more profitable but concentrated independent television production sector. The sector generated over £2 billion in revenue in 2007, more than double the revenue generated in 2000 (Mediatique, 2008). Meanwhile, the number of indies has halved from 800 in the mid-1990s to approximately 400 (Doyle and Paterson, 2008). Due to acquisitions over the past decade (see Table 3), the sector is becoming increasingly concentrated with the top 10 indies accounting for 65% of the market in 2007 (Mediatique, 2008). The ‘tail’ of small independents with annual turnovers of less than £2 million have seen their market share decline from 61% in 1993 to just 2% in 2007 (Ibid).

These changes in the composition of the industry can be related to regulatory and institutional change, as this afforded the growth of large production companies able to attract capital investment through private equity finance or stock market floatation. The improved terms of trade for indies when supplying broadcasters were the product of the UK government’s desire to reduce the BBC’s market power identified in the ITC’s review as well as political lobbying from PACT, the producer’s association. As such, the production landscape which resulted from the reforms embodied particular agents’ interests. We can argue that they were shaped by a community of larger indies that cooperated politically, via PACT, in order to further their own commercial interests. To illustrate this, the steps that led to the publication of the 2003 Communications Act are worth reviewing.

A draft Bill was published by the government in May 2002. This proposed simplifying the regulation of the media, through the creation of a single regulator (Ofcom), and by relaxing the rules on media ownership. A joint parliamentary committee, chaired by Lord Puttnam, conducted a pre-legislative review of the draft Bill that summer. The inquiry heard evidence on the proposed reforms from a series of stakeholders, including PACT, the BBC, and the government. The committee agreed with PACT that the draft Bill neglected the needs of indies:

The draft Bill is almost wholly concerned with the interests of broadcasters, channels and platform owners and has little to say about the need to create a competitive market producing high quality content which can appeal domestically and internationally.⁴

Evidence was also taken from Greg Dyke, then Director-General of the BBC, who questioned PACT's motive for seeking a code of practice that would formalise relations between broadcasters and indies:

Remember the Independent Producers' Organisation is only a trade organisation of people trying to make money and, therefore, you should not believe all people say as Gospel. These are people looking for the best interests of their businesses which is perfectly valid, but you have to set it in that perspective and, therefore, their aim is to maximise both the income and the rights ownership they can get, and the House's is to look after the public interest, so is it really our job to make large numbers of indies extremely rich?⁵

Tessa Jowell, then culture secretary of the government stated, in turn, that the public money allocated to the BBC should also fulfil a wider role in supporting the creative economy, opening up new regulatory terrain at the interface between the BBC and the independent sector:

In relation to the broader position of the independent producers, we would look very closely at ways in which independent producers would be disadvantaged or discriminated against. I have said on many occasions that I see, for instance, one of the functions of the licence fee, the £2.5 billion which is available to the BBC, as being in a sense venture capital for the nation's creativity, and the use of certainly part of that resource to drive a healthy independent sector is very important indeed.⁶

⁴ Joint Committee on the Draft Communications Bill, *Draft Communications Bill*, Session 2001-02, Vol I, Ev. 289.

⁵ Joint Committee on the Draft Communications Bill, *Minutes of Evidence*, Qu. 539.

⁶ *Ibid.* Qu. 1012.

At the government's request, the publication of the Puttnam report led to a review of the relations between television broadcasters and indies by the incumbent regulator (ITC, 2002). The government accepted the majority of the findings of this review, including the need for 'terms of trade between broadcasters and independent producers [that] are fair and foster an economically sound independent production industry' (DCMS, 2003). The institutional 'rules of the game' (North, 1990, p. 3) governing the commissioning of programming had changed. By allowing indies to retain the intellectual property rights to programmes, the new terms fuelled the dramatic growth in revenue of the independent sector during the 2000s. This was accompanied by a process of consolidation as many small to medium sized indies were sold to larger companies, leading to the emergence of heavily capitalized 'super-indies' propelled by external investment including opportunities for public floatation. The BBC's roster of indies is currently dominated by these 'super-indies'. Of the top ten indies used by the corporation in 2007, seven are now owned or controlled by parent companies with annual revenues in excess of £100 million⁷.

The varieties-of-capitalism approach regards the firm as a central actor in economic adjustment. However, this perspective neglects the heterogeneity of interests reflected in institutional change. The broadcasting industry includes a range of organisations, from multimillion pound 'super-indies' through to 'lifestyle companies' sustained by 'winning one or two commissions a year' (Mediatique, 2005, p. 8). Working through PACT, the largest indies cooperated in order to bring about regulatory reform. They used an existing commissioning model (the ITV terms of trade) as a resource to lobby for legislative action on the supply of programming to broadcasters, thereby challenging the extant norms that guided supply relationships between the BBC and indies. PACT is perceived to be oriented towards the interests of larger indies as reflected in the association's subscription fees which are a fixed percentage of independents' revenue, thereby rising with size. For example, a former member of PACT's governing council, Nick Rosen, claimed that he was suspended from his post in 2007 for supporting the interests of smaller producers. In an article for *The Guardian*

⁷ These are: Kudos (acquired by Shine Group for £35 million in 2006); Tiger Aspect (acquired by Endemol for £40 million in 2009); Endemol; Talkback Thames; Lion Television (acquired by All3Media in 2004); 12 Yard Productions (acquired by ITV plc for £35 million in 2007); and Carnival Films (acquired by NBC Universal for £30 million in 2008). AIM listed Shed Media plc, owner of Shed Productions and Wall to Wall Television (ranked 8 and 9 respectively in the BBC's top 10), had an annual income of £82 million in 2008. The revenue of the other indie making up the top 10, Hat Trick Productions Ltd, is not known although a 45% stake in the business was sold to venture capitalists August Equity for £23 million in 2003.

newspaper, Rosen (2007) summarised the issue facing smaller indies: ‘In recent years, the large number of small, powerless production companies have seen their access to broadcasters diminish and a handful of large, powerful companies have strengthened their relationships considerably’.

While it would be wrong to speculate on the validity of Rosen’s claims, his view does confirm that institutional change does not reflect necessarily the interests of all firms. As an illustration, fully-funded contracts, the alternative model of commissioning content that was sidelined in the reforms, carried the advantage of covering cost shortfalls that threaten smaller independents lacking the financial reserves of their larger counterparts (Deakin *et al.*, 2009). A manager working for C4’s talent development programme ‘4Talent’ – which invests £10 million per year to help create opportunities for individuals and small companies to make progress in the television industry (Channel Four, 2008) – also highlighted the diversity of indies within the sector. He confirmed that the main concern of small companies lay in gaining access to programme commissioners and competing with more established independents that have cultivated strong relationships with commissioning departments. As the notion of ‘the firm’ in varieties-of-capitalism approaches hides this diversity of interests, it fails to account for the specific patterns of innovation that characterise the development of industrial spaces. Communities of firms brought together by shared interests (but not necessarily those of an industry as a whole) are relevant as collective forms of social organisation able to bring about institutional change.

This helps to explain why, although institutional change has supported the growth of the independent production sector, the variegated nature of its effects may have caused a decline in the industry’s overall capacity for innovation and creativity (Mediatique, 2005). The consequences of institutional reform – for large indies, the BBC, and the wider production community – are now described in turn. The improved prospects of the independent sector during the mid-2000s encouraged profit-oriented stakeholders to invest in the larger production companies. However, indies financed by public investment would also ‘experience pressure to create programming that delivers a return’ (Faulkner *et al.* 2008, p. 306). Our recent round of interviews shed some light on the conflicting imperatives facing such indies. For instance, the commercial director of a publicly quoted indie indicated that the likely response of the stock market was taken into account in programme decision-making:

you've got to satisfy the shareholders and promise things to the City and then deliver them. So, yes, of course it affects a lot of things in terms of driving the figures... it's probably one of the things that informs the policy: that we should have more returning series and formatted shows because they have more commercial value longer term. There are probably people here who would love to make more beautifully crafted documentaries on very interesting subjects but there's just not the money in it.

The strategies of 'super-indies' are shaped by shareholder interests in three ways. Firstly, product merchandizing is encouraged. For example, children's television producer HIT Entertainment generates half of its income through television revenue while 'the other half comes from consumer product licensing of dolls, models and other products that feature the character' (Faulkner et al., 2008, p. 307). Secondly, programmes within returnable genres are favoured, for example, promoting entertainment formats over current affairs programmes or documentaries that have little ancillary value. The Work Foundation (2005) suggests that to maintain a low cost base fewer indies now carry specialist departments; furthermore, a desire for longer programme runs has reduced interest in making one-off films for broadcasters. Thirdly, programme formats that can also be sold internationally are desired. In 2008, the independent production sector generated a record overseas income of £391 million (*The Guardian*, 2009). Shed Media plc (2008) reports that 30% of its gross profit comes from the US market, led by the commissioning of formats that have already been successfully broadcast in the UK, including BBC programmes *Who Do You Think You Are?* and *World's Strictest Parents*. Some indies have constructed transatlantic networks to exploit revenue opportunities in both markets, as the commercial director of a 'super-indie' stated:

we have people here who are creating ideas for new shows, new formats; if we can get those commissioned, particularly in the UK, (a) it drives production business in the UK, (b) it then delivers programmes and formats that we can sell internationally and market through the international division and (c) we can then take them to the US where we've got a very good chance of selling them into the US networks and then producing again through [the US subsidiary].

This company possessed two overseas divisions, including one dedicated to the US market, as most new formats produced for UK broadcasters were also marketed and sold internationally⁸. For critics of market-based reform, these trends render problematic the government's assumption that the independent sector is a source of diversity and innovation. Instead, regulatory change exposed the BBC to a swathe of 'super-indies' internalising new production values that were relevant for exploiting intellectual property rights in the UK and internationally.

The BBC should counteract some tendencies towards market failure in profit-making firms through a production and commissioning strategy which supports the public interest. As a member of the BBC Trust told us, a critical mass of in-house production remained important to deliver the more reflexive elements of public service broadcasting, as this requires 'a culture and career set of options that plays to serious, thoughtful values. The commercial market, we see, in some of these more challenging areas just won't do it'. However, institutional reform also reflects the declining status of the BBC as a producer of programming. The retention of ancillary rights by indies was perceived to be placing downward pressure on the tariff paid by the BBC for primary licensing rights. The chairman of a large indie told us that establishing partnerships with production companies competing in other television markets may become necessary to cover the perceived shortfall in revenue:

we're having to invest upfront more of our ancillary revenue to cover the cost of production which means the shows become less profitable, are harder to make, harder to finance, and that's going to impact on things because it'll be harder to take the risks we've taken in the past because actually, if you like, our margin is going to thin. I think what you might start seeing, certainly in our area drama, and I imagine in reality as well, are shows that are structured with an eye on both sides of the Atlantic. In other words, that will only be possible to be made if you have an American partner, which we've never done before but may have to do in the future.

⁸ We were informed that, in the fortnightly meetings between the executive producers and commercial directors of this company, intelligence regarding commissioning opportunities with UK and US broadcasters would be shared, and ideas for formats with potential in both markets would be encouraged by the commercial actors present.

More generally, public funding for the BBC is under considerable scrutiny, especially in a recessionary context where budgetary cuts are being reported by other terrestrial broadcasters (Mediatique, 2009). The corporation's main source of income is the annual licence fee, a levy on all UK households that use a television receiver. In 2007, a diminished licence fee settlement triggered a six-year restructuring plan dubbed 'Delivering Creative Future' by Mark Thompson, the BBC's Director-General. The BBC would become a more efficiency conscious corporation that would produce 'fewer, higher quality, programmes'. A freelance producer suggested to us that the downward pressure on the programming budget meant that the BBC wanted 'certainty in their output' and therefore 'tended to go for the certain middle ground' of programming⁹. The preference of programme commissioners for a stock of reliable, efficiently produced programmes was stifling innovation, as the chairman of an independent production company stated in interview:

we're the ones who kind of champion weird and wonderful ideas and we don't give up but it's the, as George Bush would describe it, the deciders within the broadcasting organisations who are risk averse and who kind of have the attitude, 'ohh, we haven't seen something like that before therefore it doesn't work', who make life very difficult.

If the BBC is 'risk averse' when making commissioning decisions, it is problematic to attribute the perceived drift of formulism and repetition into programming schedules to solely the commercial imperative facing many of the larger indies. A senior BBC producer told us that in the current efficiency-driven environment only a handful of producers are given autonomy over the production of ideas, suggesting that the primacy of 'bottom-up' creativity belonged to a bygone era:

I think those 10 years, about '85 to '95; there was an intense period of self-awareness and experimentation going on. In those years, and probably up to the late '90s, it was common for a commissioning editor to pull in a talented director

⁹ From 2004 to 2008, programme investment on BBC1 and BBC2 declined by 13% (Ofcom, 2009). The BBC's budget for investing in new content has also come under pressure from the need to invest in the development of new delivery mechanisms, including i-Player, HDTV, Freesat, and digital switchover support (Oliver and Ohlbaum, 2009).

and say what would you like to do? I want to hear your ideas. That doesn't really happen anymore. You'll get called in to ask whether you are interested in working on a particular project, which has already been pretty well defined by a commission.

Through two decades of institutional reform, the BBC has become progressively embedded in a market-based context, with the consequence that this is the principal frame through which the BBC's output is judged. This casts the BBC's management of competition between in-house and independent production teams in a different light, one in which the efficiency imperative of the commissioning function takes precedence over the insights and intuitions that emerge from the tacit mental models of television producers, whether developed inside or outside the BBC. This highlights that, although cognitive variety may be a significant source of creativity, its successful enactment depends on a favourable institutional environment that prizes innovation in the coordination of relations between television broadcasters and producers.

This brings us to the impact of institutional reform on the production communities serving the BBC. These have taken on a quite different complexion to the CoPs identified by Georgina Born in the 1990s. At that time, the producers were shaped by the institutional environment of the BBC which created a space for exploring shared aesthetic values, in a non-market context. This facilitated the formation of durable communities geared towards reproducing public service values in programming. The shoehorning of the BBC into a market-based structure, from the internal market through to the WOCC, interfered with this communitarian logic of production, replacing producer autonomy with 'choice' and injecting 'efficiency' values into programming. The indie spin-offs that emerged possessed, yes, some of the cognitive traits of the parent organisation, but also new 'business-like' values that mirrored the competitive market environment they were entering. These 'commercial' values became the basis of a new community of larger indies that appears to coalesce around promoting profitability and furthering their own commercial interests.

5. Conclusion

This paper has examined the changing relationship between the BBC and the independent television production sector. A series of regulatory and organisational reforms over the last two decades has shifted the balance of power in favour of the independent production sector

as a whole, with revenue doubling since 2000 on the back of new opportunities to produce programming for domestic broadcasters and to acquire greater export income based on the exploitation of ancillary rights. The issue at stake was how far institutional reform was having an impact upon the delivery of public service broadcasting. More specifically, the intention was to examine the growing influence of independent sector producers through institutional reform; whether their greater involvement in programming production supported creativity; and to what extent CoPs in programme production declined with the increase of the independent sector's involvement in programming. For the independent sector, there have been both winners and losers. The change in the terms of trade has attracted City money into the sector, favouring the growth of 'super-indies' able to export lucrative programme formats worldwide. Equally, capitalisation has encouraged the consolidation of the sector, such that the interface with broadcasters is increasingly dominated by a handful of large indies, as lamented by critics who associate the decline of the small or 'lifestyle' indie with a loss of diversity in programming and the commercialisation of television. For the BBC, the introduction of competition between in-house and external production teams seems to be undermining the reproduction of its own production communities, as commercial-like imperatives and norms take on greater precedence in the production and commissioning of programming.

According to the concept of cognitive variety, the injection of variety into the activities of CoPs should be no bad thing. Left alone, the innovative capacity of these groups is questionable (Wenger *et al.*, 2002; Nooteboom, 2008). With regard to new competencies, extending the role of the independent sector does not seem to have introduced the novelty intended due to the embeddedness of the BBC's production capabilities in broader 'communities of ideas' that already embraces producers working within the independent sector (supported by their concentration in the media district of Soho). Instead, it is from an institutional perspective that greater distance between the BBC and the independent sector was detected. Notably, the profit motive facing 'super-indies' encourages new forms of organisational behaviour quite detached from the Reithian values still reified in the BBC's Royal Charter. The need to deliver year-on-year growth to satisfy investors encourages these companies to produce innovative programmes within profitable genres, but leaves gaps in other areas of provision. Thus, retaining a significant in-house production team at the BBC that shares an ethos of public service seems to remain critical. But the BBC's growing

preference for using staff on freelance contracts brings the corporation steadily into line with the flexible working practices of the independent sector, and serves to hinder the reproduction of production communities that are committed to the public or aesthetic qualities of television. Furthermore, the routinisation of programming being led by the independent sector, and increasingly replicated by the BBC, may render the reproduction of those values less important among producers.

Hence, the challenge for the BBC lies in maintaining cognitive diversity in the current programming schedule. To maintain variety, the BBC may need to provide greater support to the 'tail' of smaller independents, helping them to get access to its commissioners via projects such as, for example, C4's talent development programme '4Talent'. To use Nooteboom's (1999) terminology, brokering novel relationships such as these would lay down 'cognitive bridging' mechanisms between small independents and commissioners, opening up a space through which the mutual understanding and knowledge of both parties could be enriched. This may also engender a commissioning dynamic that is less commissioner-dominated, in favour of one in which the producer's own ideas are given greater precedence as a source of cognitive variety.

The enactment of this scenario, however, also presents a challenge to the literature on learning through communities, which often privileges micro-scale processes at the expense of broader structural concerns, such as the regulatory and institutional context that shapes the behaviour of organisations in different industrial sectors. With regard to the recent reform of the UK broadcasting industry, institutional analysis illustrates the direct bearing that the regulatory context has on practices of innovation, altering the strategies of organisations and communities as they respond to the new environment produced by institutional reform. Analysis of communities of practice – groups regularly depicted as the locus of adaptation and innovation in the knowledge-based economy – should also consider the institutional constraints imposed upon these groups through structural mechanisms, a start being the political economy of public commissioning systems. While insightful, describing the activities of communities 'from within' is likely to provide an inadequate explanation of industrial performance. Instead, a multi-level approach that explores the interplay between the micro-practices of learning communities and the import of the wider institutional and

regulatory context in shaping their dynamics represents a promising avenue for further research.

References

- Amin, A. and Roberts, J. 2008. Knowing in action: Beyond communities of practice, *Research Policy* 37.2: 353-369.
- BBC. 2004. Building public value: Renewing the BBC for a digital world, available at <http://downloads.bbc.co.uk/info/policies/pdf/bpv.pdf>, accessed June 2009.
- BBC. 2009. Annual Report and Accounts 2008/09, available at http://www.bbc.co.uk/annualreport/download_trust.shtml, accessed April 2010.
- BBC Trust. 2008. The Operation of the Window of Creative Competition (WOCC) First Biennial Review by the BBC Trust.
- BBC Trust. 2010. The Operation of the Window of Creative Competition (WOCC) Second Biennial Review by the BBC Trust.
- Born, G. 2002. Reflexivity and ambivalence: culture, creativity and government in the BBC, *Cultural Values* 6: 65-90.
- Born, G. 2004. *Uncertain Vision: Birt, Dyke and the Reinvention of the BBC*, Secker and Warburg: London.
- Bryson, J., Keeble, D. and Wood, P. 1997. The Creation and Growth of Small Business Service Firms in Post-Industrial Britain, *Small Business Economics* 9: 345-360.
- Channel Four. 2008. *Report and Financial Statements 2008*, Channel Four Television Corporation: London.

- Cowan, R., David, P., and Foray, D. 2000. The Explicit Economics of Knowledge Codification, *Industrial and Corporate Change* 9.2: 211-253.
- Crouch, C. 2007. *Capitalist Diversity and Change Recombinant Governance and Institutional Entrepreneurs*. Oxford, Oxford University Press.
- Crouch, C., Schroder, M., Voelzkow, H. 2009. Regional and sectoral varieties of capitalism, *Economy and Society* 38.4: 654-678.
- Deakin, S. and Pratten, S. 2000. Quasi Markets, Transaction Costs, and Trust, *Television & New Media* 1.3: 321-354.
- Deakin, S., Lourenço, A. and Pratten, S. 2009. No “third way” for economic organization? Networks and quasi-markets in broadcasting, *Industrial and Corporate Change* 18.1: 51-75.
- DCMS. 2003. Tessa Jowell Responds to ITC Programme Supply Review, DCMS Media Release, January, available at <http://www.cep.culture.gov.uk/>, accessed April 2010.
- DCMS 2005a. *Review of the BBC's Royal Charter: A strong BBC, independent of government*. Green Paper, DCMS: London.
- DCMS 2005b. *Government Response to the Lords Select Committee Report “Further Issues for BBC Charter Review”*. Cm. 6787. DCMS: London.
- DCMS 2006. *A public service for all: the BBC in the digital age*. White Paper, DCMS: London.
- Doyle, G., Paterson, R. 2008. Public Policy and Independent Television Production in the U.K., *Journal of Media Business Studies* 5.3: 17-33.
- Faulkner, S., Leaver, A., Vis, F. and Williams, K. 2008. Art for Art's Sake or Selling Up? *European Journal of Communication* 23.3: 295-317.

- Ferlie, E., Fitzgerald, L., Wood, M. and Hawkins. C. 2005. The nonspread of innovations: The moderating role of professionals *Academy of Management Journal* 48.1: 117-134.
- Gherardi, S. 2009. Introduction: The Critical Power of the 'Practice Lens', *Management Learning* 40.2: 115-128.
- Glaser, B.G. and Strauss, A.L. 1967. *The Discovery of Grounded Theory*, Aldine: Chicago.
- Grabher, G. 2004. Temporary Architectures of Learning: Knowledge Governance in Project Ecologies, *Organization Studies* 25.9: 1491-1514.
- Hall, P.A., Thelen, K. 2009. Institutional change in varieties of capitalism, *Socio-Economic Review* 7.1: 7-34.
- Howell, J. 2003. Review: Varieties of Capitalism: And Then There Was One? *Comparative Politics* 36.1: 103-124.
- Independent Television Commission. 2002. *A Review of the UK Programme Supply Market*. London: ITC.
- Latour, B. 2005. *Reassembling the Social: An Introduction to Actor-Network-Theory*, Oxford University Press: Oxford.
- Lave, J. 2008. Epilogue: *Situated Learning* and Changing Practice. A. Amin, J. Roberts, eds. *Community, Economic Creativity, and Organization*. Oxford University Press, Oxford, 283-296.
- Lave, J. and Wenger, E. 1991. *Situated Learning: Legitimate Peripheral Participation*, New York: Cambridge University Press.
- Le Grand, J. and Bartlett, W. 1993. *Quasi Markets and Social Policy*. Macmillan: Basingstoke.

- Mediatique. 2005. *From the Cottage to the City: the Evolution of the UK Independent Production Sector*, Report Commissioned by the BBC, September, available at <http://www.mediatique.co.uk/reports.html>, accessed June 2009.
- Mediatique. 2008. *All Grown Up: Cash, Creativity and the Independent Production Sector*, An independent report by Mediatique Limited, available at <http://www.mediatique.co.uk/reports.html>, accessed June 2009.
- Mediatique. 2009. *The Independent Production Sector: A Market Update*, available at <http://www.mediatique.co.uk/reports.html>, accessed January 2011.
- Nachum, L. and Keeble, D. Neo-Marshallian Nodes, Global Networks and Firm Competitiveness: The Media Cluster of Central London, Working Paper No. 138, ESRC Centre for Business Research, University of Cambridge.
- Nooteboom, B. 1999. Innovation, learning and industrial organisation, *Cambridge Journal of Economics* 23: 127-150.
- Nooteboom, B. 2008. 'Cognitive Distance in and Between Communities of Practice and Firms: Where Do Exploitation and Exploration Take Place, and How Are They Connected?', Amin A. and Roberts J. (eds) *Community, Economic Creativity, and Organization*. Oxford: Oxford University Press: 123-147.
- North, D.C. 1990. *Institutions, Institutional Change and Economic Performance*, Cambridge, Cambridge University Press.
- North, D.C. 1993. Economic Performance Through Time, *The American Economic Review* 84.3: 359-368.
- Ofcom. 2004. *Ofcom review of public service television broadcasting. Phase 1 – Is television special?*, available at <http://www.ofcom.org.uk>, accessed March 2010.
- Ofcom. 2005. *Television Production Sector Review: A Survey of TV programme production in the UK*, available at <http://www.ofcom.org.uk>, accessed June 2009.

- Ofcom. 2009. Public Service Broadcasting: Annual Report 2009, available at <http://www.ofcom.org.uk>, accessed April 2010.
- Oliver and Ohlbaum. 2009. *The Economics of UK TV Content Supply – Challenges and Opportunities to 2020*, London, Oliver and Ohlbaum Associates.
- Osborne, D. and Gaebler, T. 1992. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, Reading, Addison-Wesley.
- Perspective. 2009. Digital Britain: Assessing the policy framework for Public Service Rights, London, Perspective Associates.
- Powell, W. 1990. Neither market nor hierarchy: network forms of organisation, *Research in Organizational Behaviour* 12: 295-336.
- Roberts, J. 2006. Limits to Communities of Practice. *J. of Management Stud.* **43**(3) 623-639
- Rosen, N. 2007. On a mission for minnows, *The Guardian*, 19 March.
- Shed Media plc. 2008. Annual Report and Accounts 2008, available at <http://www.shed-media.com/inv/inv-reports.html>, accessed June 2009.
- Skillset. 2008. Television Sector – Labour Market Intelligence Digest, available at <http://www.skillset.org/research/>, accessed June 2009.
- Teece, D.J., Pisano, G., and Shuen, A. 1997. Dynamic Capabilities and Strategic Management, *Strategic Management Journal* 18.7: 509-533.
- Tempest, S. and Starkey, K. 2004. The Effects of Liminality on Individual and Organizational Learning, *Organization Studies* 25.4: 507–527.
- The Guardian. 2009. ‘UK independent producers earn record £391m from overseas TV sales’ (Guardian.co.uk), 3 June.

- Ursell, G. 2000. Television production: issues of exploitation, commodification and subjectivity in UK television labour markets, *Media, Culture & Society* 22: 805-825.
- Wenger, E. 1998. *Communities of Practice: Learning, Meaning, and Identity*, Cambridge: Cambridge University Press.
- Wenger, E., McDermott, R., and Snyder, W.M. 2002. *Cultivating Communities of Practice: a guide to managing knowledge*, Boston, MA: Harvard Business School Press.
- Work Foundation. 2005. The Tipping Point, How Much is Broadcast Creativity at Risk? Report Commissioned by the BBC, July, available at www.theworkfoundation.com/publications/, accessed October 2007.
- Wright, J.S. 2009. The regulatory state and the UK Labour Government's re-regulation of provision in the English National Health Service, *Regulation & Governance*, 3.4: 334 – 359.
- Wyatt, W. 2007. *Investigation into A Year with the Queen*. British Broadcasting Corporation, available at <http://www.bbc.co.uk/pressoffice/>, accessed July 2009.

Organisation	Interviewees
Ofcom	Policy director; Economic advisor
BBC	Programme commissioner; Channel controller; Senior producer; R&D manager
BBC Trust	Trustee
Channel 4	Policy director
PACT	Senior executive
BECTU	Secretary
Small indie	Proprietor
Mid-size indie	Managing director; Finance director
Large indie	Chairman
Publicly quoted indie	Commercial director

Table 1. List of interviewees

Production Company	Founded	Programme Genre(s)	Key staff	Biography
Kudos	1992	Drama, Comedy, Factual	Stephen Garrett (Executive Chairman) and Jane Featherstone (Creative Director)	Garrett and Featherstone left Channel 4 to co-found Kudos in 1992
Tiger Aspect Productions	1988	Children, Comedy, Drama, Entertainment, Factual	Peter Bennett-Jones (Chairman)	Bennett-Jones was Managing Director of Talkback Productions prior to founding Tiger Aspect
Endemol	1994	Entertainment, Factual, Comedy	Tim Hincks (CEO, Endemol UK)	Former producer of BBC programmes
Hat Trick Productions	1986	Comedy, Drama, Entertainment	Jimmy Mulville (Managing Director)	Mulville worked in BBC radio and television before co-founding Hat Trick with Denise O'Donoghue and Rory McGrath in 1986
Talkback Thames	2003	Drama, Comedy, Entertainment, Factual	Lorraine Heggessy (CEO)	Heggessy left position as controller of BBC1 to become CEO of Talkback Thames in 2005
Lion Television	1997	History	Richard Bradley, Nick Catliff and Jeremy Mills (Managing Directors)	Bradley, Catliff and Mills left the BBC to co-found Lion in 1997
Shed Productions	1998	Drama	Eileen Gallagher, Brian Park, Ann McManus, Maureen Chadwick (founders)	Gallagher, Park, McManus and Chadwick left Granada Television (part of ITV productions) to co-found Shed in 1998
Wall to Wall Television	1987	Factual, Drama	Alex Graham (CEO)	Graham worked as a reporter and editor in the press before founding Wall to Wall with Jane Root. In 1997 he acquired her shares as she left to run BBC2.
12 Yard Productions	2001	Game shows	David Young (founder)	Young left position as BBC's Head of Light Entertainment to establish 12 Yard in 2001
Carnival Films	1978	Drama, Comedy	Gareth Neame (Managing Director)	Neame left position as BBC's Head of Drama Commissioning to join Carnival in 2005

Table 2. Top ten independent suppliers to BBC Vision by spend in 2007.

Holding Company	Production Companies
All3Media	South Pacific Pictures, North One TV, Lion TV, Lime Pictures, IDTV, Company Pictures, ARG TV, Cactus Films, All3Media International, Bentley Productions, Maverick Media, MME Movement
IMG	TWI, Tigress Productions, Tiger Aspect, Darlow Smithson Productions
RDF Media Group	Touchpaper Television, RDF Media, RDF International, Radar TV, IWC Media, The Comedy Unit, Presentable, Foundation TV Productions
Southern Star Group	Oxford Scientific Films, Darrall Macqueen, Carnival Films and Television
Tinopolis	Venner TV, Mentorn, Folio, Sunset & Vine Productions, Music Box, Tinopolis, Video Arts Group, APP Broadcast
Shed Productions Plc	Shed Productions, Ricochet, Outright Distribution, Twenty Twenty Vision, Wall to Wall
ITV Productions	12 Yard Productions
Endemol UK	Endemol, Cheetah, Initial, Zeppotron, Brighter Pictures, Showrunner, Hawkshead, Victoria Real
Fremantle Media (RTL Group)	Fremantle Media, Talkback Thames, Grundy Productions, Regent Productions
DCD Media	Box TV, Done and Dusted, Iambic Productions, Prospect Pictures, September Films, West Park Pictures
Hit Entertainment	Hit Entertainment, Gullane Entertainment, Hit USA Production, Guinness World Records
Mediaset, de Mol	Endemol
Ten Alps Plc	Blakeway/3BM, Brook Lapping, Ten Alps TV, Production Co
The Zodiac Group	Bullseye TV, Diverse Productions UK and US
Two Way Traffic	Celador International
Shine	Shine, Firefly, Kudos, Princess

Table 3. Merger activity since 2006 (PACT in Perspective, 2009)

Note: Since its publication there have been changes to the data displayed: for instance, IMG sold its companies Tigress Productions, Tiger Aspect and Darlow Smithson Productions to Endemol UK, and Southern Star Group sold Carnival to NBC Universal.