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Cultural production and the corporation: musical genres and the strategic management of creativity in the US recording industry

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This article is intended as a contribution to debates about the role of entertainment corporations in the production of culture and is drawn from a larger research study of the US music industry and the 'cultural production' of different musical genres.[1] In this article I am concerned with the corporate strategies adopted by the major record labels and seek to pursue the implications of these practices for thinking about how ownership and control are exercised and how this impacts on the creative activities of musicians and the routes taken by the music they produce. In broad terms I am using two themes as a way of schematically outlining the involvement of recording corporations in the production of popular music: that an *industry produces culture* and *culture produces an industry*. I introduce these themes to signify, first, my debt to distinct traditions of enquiry (which, given space and because this is not intended primarily as a theoretical article, I shall acknowledge with the briefest of references) and, second, to propose a particular relationship between 'economics' and 'culture'. This broad approach is not proposed as a grand theoretical model, but as a heuristic device for interrogating empirical material brought together through research on the recording industry.

By using the phrase '*industry produces culture*' I am referring to how entertainment corporations set up structures of organization and working practices to produce identifiable products and 'intellectual properties'. This approach owes an enduring debt to the critique of Theodor Adorno and Max Horkheimer (1979) and continues in what might loosely be called the 'culture industry' trajectory of theorizing. This is a perspective that draws on political economy, critical theory and organization studies and which

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entails considering various corporate strategies, contractual arrangements and business practices through which music companies seek to achieve their goals. Writers following this line of reasoning have tended to narrate a tale of the 'production of culture' during which the practices, form and content of popular music are made to conform to a range of organizational constraints and commercial criteria.[2]

My second theme is signalled by the phrase '*culture produces an industry*', a phrase I use to stress that production does not take place simply 'within' a corporate environment created according to the requirements of capitalist production but in relation to broader culture formations and practices that may not be directly within the control or understanding of the company. This idea acknowledges the 'postmodern' critique of production put by those who argue that the industry and mass media cannot simply determine the meaning of musical products and that these may be appropriated in various ways. More specifically, this perspective draws on insights from cultural studies, in particular Raymond Williams's (1961, 1965) conception of culture as a 'whole way of life' and Stuart Hall's (1996) emphasis on the practices through which people create meaningful worlds in which to live. I also follow George E. Marcus and Michael Fischer's suggestion that 'not only is the cultural construction of meaning and symbols inherently a matter of political and economic interests, but the reverse also holds — the concerns of political economy are inherently about conflicts over meanings and symbols' (1986: 85). Hence, while seeking to understand corporate attempts to manage and manipulate the working life of a music company and its artists, I also wish to incorporate thinking about broader cultural patterns within which a company is situated. This might include, for example, the experiences of class, ethnicity, gender and geographical location and borders that has an impact on how music is made by recording companies.

I am pursuing these two themes as a way of thinking about industry–culture in what I hope is a complementary manner and to focus on a number of distinct features of musical production. There are two key issues I wish to highlight in this article.

The first is how recording companies distribute their staff, artists, genres and resources into divisions defined according to social-cultural identity labels, such as black music division, Latin division, domestic division, international department. In economic terms such practices are part of a strategy of portfolio management, maintaining surveillance of a mix of different product lines (which I shall refer to in more detail shortly). In cultural terms, this can be viewed as a direct intervention into and contribution towards the way in which social life is rationalized and fragmented and through which different experiences are separated and treated unequally.

Second is the way in which staff within the music industry seek to understand the world of musical production and consumption by constructing knowledge about it (through various forms of research and information gathering), and then by deploying this knowledge as a 'reality' that guides the activities of corporate personnel. In economic terms this refers to the production, circulation and use of various forms of market data. In anthropological terms, this refers to the way in which production is understood by those involved in it through a series of apparently obvious and commonsense categories which do not so much involve an understanding of 'reality' as a construction and intervention into 'reality'. One example here would involve the division of social life into constructed 'markets', and then the deployment of knowledge about the characteristics and workings of these markets.

Before I illustrate and develop these themes and arguments, I wish to begin the discussion by referring to two of the key terms in the title of this essay: 'musical genre' and 'creativity'.

Creativity, genre and the corporation

As a number of writers have observed (Garnham, 1990; Frith, 1996), one of the problems of industry-oriented approaches to cultural activity is that the form, content and meaning of texts are often neglected or assumed from patterns of ownership or structures of organization. One of my aims in what follows is to begin addressing this problem in broad terms by considering how the industry begins shaping the conditions within which particular genre practices and creative techniques are deployed. This is intended as a small step towards integrating, or at least connecting, the texts more directly to production contexts. My concern is not with the detailed ways in which music corporations directly shape the codes and conventions of particular styles of music (although this is clearly important). My aim, at this stage, is more general. I wish to outline how corporations shape the conditions within which particular practices can be realized and contested *as* 'creative' while also containing genre categories that might otherwise be far more unstable and dynamic. Hence, I should acknowledge that this article is part of a larger project. It is an attempt to clear some of the ground for a more detailed and sophisticated understanding of how the industry shapes symbolic forms (without falling back towards simple reflection theories or reductive arguments about musical texts as repositories of a dominant ideology).

In pursuing ideas about 'creativity' I also wish to move away from an argument, appearing in many discussions of popular music, whereby cultural production is characterized in terms of a conflict between commerce (industry) and creativity (the artists). This is a distinction that also informs the claim that audiences (creative) can appropriate and hence transform the products that are disseminated by the industry (again, commerce). In writing elsewhere (Negus, 1995), I have reviewed a range of claims about this issue, suggesting that creativity is often treated in a vague and mystical manner, with many writers assuming that we all know and recognize 'creativity' when we meet it.

Drawing on Raymond Williams's (1983) brief discussion of the etymology of the term 'creative' and reflecting upon academic and everyday uses of this term, I want to think about this further by identifying two broad approaches to what creativity is and what it might involve. The first is an exclusivist approach, the second inclusivist. According to the exclusivist approach (from the original reference to divine creation), creativity is associated with human capacity for 'originality' and 'innovation' (Williams, 1983). Hence, it is often argued that record companies cannot find it: creativity is outside the corporate machine, and dependent upon inspired musicians, writers, entrepreneurs, subcultures and small record labels. In contrast, the inclusivist approach can be found in numerous places, used to refer to numerous conventional and routine activities such as 'creative' writing or 'creative' accounting. Here, as Williams (1983) notes, 'creative' has become something of a 'cant word' used to refer to all manner of audio-visual practices, from hairdressing to the production of advertising slogans and screen writing. The first approach retains residues of an elitist approach to culture and social life, whereby certain gifted or mystically inspired individuals have creative abilities. The other imbues the most banal of routine working practices with an aura of artistic inspiration and humanistic worth. Both can be detected in the routine celebrations of musical performers and fans.

I want to suggest one way out of such a dichotomy here. First, I will follow those writers who have argued that creative practices should be understood through the notion of genre (Fabbri, 1982, 1989; Frith, 1996). Second, I seek to understand some of the dynamics through which the conditions are created within which claims about creativity can be made in the first place. Here I wish to argue that the music industry plays a major part in shaping the conditions and divisions within which claims about creativity are asserted, maintained and contested. Hence, I am thinking about creativity in terms of genre, and genre in terms of broader social divisions. This leads to two further points.

First, the vast majority of musical production involves working within relatively stable 'genre worlds' (Frith, 1996) whereby ongoing cultural production is not so much about sudden bursts of innovation but the continual production of familiarity and newness. Hence, creative practice is not approached as inspirational and radically new, nor as something that everybody does in a kind of everyday creative way. Instead, ongoing cultural production involves working with recognizable codes, conventions and expectations. It entails putting together various audio and visual components in a recognizably familiar but slightly different way. It is that slightly different-ness that is usually the source of critical discussion, rather than any sudden dramatic change. It is the newness and familiarity to which audiences and other musicians are responding.

Second, this process is strategically managed by recorded entertainment companies. In the process, resources are allocated to some types of music and not others; certain types of deals are done with some acts and not others. Greater investment is accorded to certain types of familiarity and newness and not others. It is part of my argument that we cannot fully explore the details of the conventions and codes of genres through textual analysis without fully understanding how corporate organization intersects with the broader genre culture.

In using the term '*genre culture*' I am drawing on Steve Neale's use of genre as a sociological, rather than formal concept 'not . . . as forms of textual codifications, but as systems of orientations, expectations and conventions that circulate between industry, text and subject' (Neale, 1980: 19). However, I do not wish to overemphasize the media and music industry. In contrast I want to stress the wider sociological and cultural context within which sounds, images and words are given meaning. My point is that it is through the way in which genres are strategically managed and due to the way this intersects with broader historical, social and cultural formations, that the music industry shapes the possibilities for creative practice.

Hence I am not proposing a simple conflict *between* commerce and creativity. Instead, I am suggesting that the recording industry has a direct impact on how creativity can be realized, given meaning and contested. In the latter part of this article I shall refer briefly to rap and salsa to indicate the broader genre cultures within which music corporations operate and to illustrate my point that while an industry produces culture, culture produces an industry. I now begin pursuing this theme in more detail by considering the key corporate strategies through which production is organized.

Corporate strategy and portfolio management

The issue of corporate strategy usually crops up in two types of literature: first, political economy, particularly in the critical Marxist tradition which emphasizes how capitalist control is exerted, maintained and reproduced; second, normative management theory which usually seeks to understand how corporations can exercise control more effectively with the aim of making management more efficient and increasing profits. Despite differing orientations, both traditions are agreed that strategy is one of the key ways in which corporations seek to exercise control (Fligstein, 1990).

As in other industries, music business strategies are the result of deliberate, conscious formulation combined with a certain amount of improvisation and a degree of compromise between different parties (De Wit and Meyer, 1994). Strategy aims to control and order the unpredictable social processes and diversity of human behaviours which are condensed into notions of production and consumption. As many writers have observed, producing popular music is riddled with uncertainties. These include anxieties about whether existing and new artists will continue to produce and deliver what is anticipated; the unpredictable activities of audiences and consumers; and uncertainties about the symbolic and rights value which may accumulate to different recordings and artists within various media systems (Hirsch, 1972; Frith, 1983; Hesmondhalgh, 1996). Strategies are a deliberate attempt to deal with these issues.

At the same time, strategies seek to organize, allocate and account for the equally unpredictable activities of personnel who may spend days within and travelling between different corporate buildings and who conduct their business in a relatively unsupervised manner in studios, theatres, stadiums, clubs, bars and so on. Hence, strategy provides a means of monitoring and accounting for the activities of producers, artists and recording industry personnel. It also provides a means of rationalizing and ordering the activities of consumers and audiences.

Most companies' strategic intentions are fairly straightforward and are expressed in a desire to increase market share, either through so-called 'organic growth' or through the acquisition of labels. Market share is not simply an end in itself, but is an indicator which represents a broader series of preoccupations and intentions. For distant corporate owners and for potential shareholders who may have no idea what is going on within a company on a day-to-day basis, the market share figures provide an indication of profitability and expertise. Companies with a high share of a particular market (whether the US recorded music market in general or market for a specific genre in a given region) will tend to attract investment and artists.[3] In addition, market share figures play a morale-boosting function within the company and are important for persuading retailers to make space to stock the products of a particular company.

The strategies adopted follow from these broad aims. There are a number of distinct components of corporate strategy. Given space constraints I want to focus on portfolio management and consider its consequences for popular music production.[4] Portfolio management is a key way in which direction, accountability and control are maintained. Portfolio management provides a way of viewing the company's labels, genres and artists by dividing them into discrete units (strategic business units). This makes visible the performance, profile and contribution of each. In many ways this is part of a strategy of diversification; the company spreading its risks across various musical genres and potential sources of income. But it is more than diversification. Portfolio management provides a way of managing the company's diverse range of interests, as each unit can be assessed and categorized according to its performance and level of investment required.

The terminology developed by the Boston Consulting Group in 1970, as a way of categorizing business units, is routinely used by senior personnel in record companies when referring to different departments, artists and genres. Terms such as 'stars', 'cash cows', 'dogs' and, less frequently, 'wild cats' (or a synonym) are used to refer to artists, labels or genres. These categories provide a way of assessing and characterizing the performance of each division.

Well-established genres such as rock and country are often categorized with the label of 'cash cow' to indicate how, with minor modifications and modest ongoing investment, this category brings in regular revenue. In turn, artists such as Michael Jackson, Mariah Carey and Phil Collins are categorized as 'stars' and receive special attention, in terms of budgets and staff expertise. 'Wild cat' refers to a new genre (or, in certain cases, an artist) and the fact that market growth is difficult to predict and the company may need to make a substantial investment before obtaining a significant return. The category of 'dog' is used to identify business units and artists that are usually considered a bad investment. However, record companies may retain a dog in order to impress and attract other artists or to maintain morale within the company. Such a policy can be used to justify the claim that the company is interested in 'art' as much as profits (although such a strategy can also have indirect commercial benefits). Just as different genres do not exist in isolation but in direct relation to one another within systems of genres (Neale, 1990), so genres assume a position within the company's portfolio, with departments continually struggling for greater recognition and further resources.

The practice of portfolio management enables the company to assess and divide up different genre divisions, labels or those working with specific artists. It allows for particular techniques of monitoring which operate to enforce a high degree of accountability within the operating units. Each unit has to report regularly to corporate headquarters and has sales targets to hit, budgets to work within, and is rewarded for good performance and can be punished for poor performance. The company can reward for contributions to profile and profitability by allocating finance for expansion and by giving performance-related bonuses. At the same time, the company can deploy sanctions for poor performances. Punishment can involve the sacking of individual senior executives and bringing in new presidents or it can involve the closing down of entire divisions and their removal from the company's portfolio.

A conspicuous example of this occurred when Capitol Records closed its entire 'Urban division' in February 1996, dropping most of its artists and laying off 18 members of staff (most of them black). Capitol-EMI publicly announced that the company had done this to concentrate resources on 'stars' such as Bonnie Raitt, Bob Seger and Richard Marx and 'modern rock' artists such as Foo Fighters, Everclear and Radiohead. This was a clear example of portfolio management in practice (and where investment priorities lie). A category of 'stars' were named as a priority and the genre of modern rock was identified as a 'cash cow'. It seemed that the company had decided that the black music division was a 'dog'.

For J.R. Reynolds, columnist for *Billboard*, this event represented 'the systematic extermination of black music at Capitol Records' and 'cut the company's ties' to the 'r'n'b community' (1996: 18). As such, this was far from simply an 'economic' decision. Reynolds pointed out that it could not be justified in market terms: in 1995 r'n'b and rap had sold 132 million albums and accounted for over 21 percent of the music market in the United States.[5]

Hence, the commercial strategies of the music corporations are not simply business decisions alone, but are informed by a number of value judgements and cultural beliefs. In this instance, to many outsiders, whatever the dynamic within the company, this looked suspiciously like racism and a distinct lack of commitment (in terms of staff and investment) to sustain an involvement in black music and what Nelson George (1989) has called the 'rhythm and blues world'. George has used this term to refer to the 'extramusical' significance of rhythm and blues as an 'integral part . . . of . . . a black community forged by common political, economic and geographic conditions' (1989: xii). In my terms, George is pointing to the broader genre culture within which musical sounds are created and given meaning and indicating how this intersects with (but is much more than) the commercial category.

The use of portfolio management as a way of managing divisions is sometimes referred to as a 'loose–tight' approach (i.e. tight financial control, loose regulation of day-to-day working style, dress and little intervention into the values, ethics, etc.). In practice monitoring can involve consideration of the entire plans of each division, down to individual release schedules of specific artists.[6] The loose–tight approach is tight enough to close down or re-staff a division.

Unlike the owner who is present down the corridor (as happens in smaller and less multi-divisional companies), the corporation employs techniques of remote judging for which it uses more detached indicators rather than relying on day-to-day human interaction. The managers within the division have less opportunity to explain their day-to-day problems and to elaborate on the more 'qualitative' rather than quantitative aspects of management (how to persuade temperamental artists to deliver recordings on time or participate in specific activities, dealing with staff problems). Instead, getting the figures right becomes a preoccupation. It is, as a number of senior executives explained to me during interviews, easier to stand up at a corporate meeting and present the figures than try and explain the way in which artists are being developed or why a major artist has not delivered, or has sold less than their last album.[7]

One immediate consequence is a reduction in risk taking. Yet, there is more than this at stake. Such financial control has implications for aesthetic judgements. As Neil Fligstein (1990) has noted, control strategies operate according to a type of analysis whereby the world is simplified. As the work of many popular music scholars suggests, genres are far from static and are constantly changing as interacting musicians move across aesthetic and geographical borders.[8] Yet strategic calculation is built on a desire for stability, predictability and containment. This is an issue that I do not have the space to pursue in detail here, but it suggests that musicians confront a continual pressure for stasis (despite being called upon to deliver 'new' albums). My general point here is that what are often taken to be straightforward business decisions are actually based on a number of culturally specific beliefs and assumptions. I now want to consider the interaction between business decisions and cultural beliefs in more detail and then schematically illustrate this with reference to rap and salsa.

Cultural divisions and business decisions

For many senior executives in record companies the issue of 'culture' is important, not only in terms of the sounds, words and images of popular music that are associated with the company's artists, but in terms of the day-to-day working world or way of life within the company; what is usually understood as the company culture. Many executives have been influenced by the prescriptive literature which suggests that a company's distinctiveness and economic competitiveness is dependent upon its corporate culture.

Yet, the very staff who claim that company culture is important find it difficult to identify the characteristics that distinguish their company from their competitors, or which unite their different offices in, say, London, New York or Los Angeles. When I posed such a question to various personnel in both Britain and the United States, most found it very difficult to respond. Staff could say little about their own organization, but pontificated freely about the culture of other companies, usually in disparaging terms. This consisted of a series of vague statements which can be condensed into a trope which became surprisingly familiar as I spoke to various people in different locations: 'X company is hierarchical, formal and its staff are motivated through fear, whereas our company is more open and casual' (with staff from different companies saying the same thing about each other).

While companies try hard to present different corporate identities (in annual reports, corporate offices, logos, advertising, etc.), it can be misleading to accept self-promoted definitions of ‘unique’ organizational cultures. One challenge to such an idea can be observed in the way that personnel are continually moving between record companies, sometimes en masse. At one point in 1995 it seemed as if MCA was turning into Warner Music, due to the number of ex-Warner employees that were joining the label.[9] If this is considered alongside the similar structures, the very pragmatic concerns guiding most strategies and day-to-day activity (budgets, sales, advances), it would suggest that claims about the distinctive ‘corporate culture’ of different major labels may be decidedly mythical.

‘Culture’ can become an overused and abused word, particularly when employed in organizations where it is often treated as single and unified, and sometimes reduced to a series of ‘indicators’ which can be ‘measured’ and then manipulated in order to bring about change. Caren Siehl and Joanne Martin have argued that this type of approach has ‘not been — and may never be — empirically demonstrated’ (1990: 242) and ‘may be hampering the development of our understanding of culture specifically and, more generally, of how culture relates to other aspects of organizational theory’ (Siehl and Martin, 1990: 271). Hugh Willmot has also pointed to the ‘abstraction of organizational culture and symbolism from its wider historical and politico-economic contexts as culture is dissected into rituals, myths, sagas and the like’ (1993: 521).

Following these critiques and drawing from my own research I want to suggest that companies are embedded in a surrounding cultural context which can have a greater impact on the workings of a corporation than attempts to ‘engineer’ corporate culture or manipulate the office environment. By arguing this I’m suggesting a shift towards wider questions about culture. For me these include questions such as: to what extent are music industry practices shaped by, but — at the same time — an intervention into regional, ethnic, religious or linguistic affiliation? How does gender, sexuality or class create patterns which shape the presentation of artists? And how does this inform the male/female and heterosexual/homosexual ‘roles’ that can be found within the music industry in general, and in particular genre cultures?

In moving in this direction (although not addressing all of these issues here) my general point is that to understand the issue of culture and the music industry then it is necessary to think away from organizational culture in a narrow sense and towards the broader cultural patterns that intersect with an organization. To think away from *culture within an industry* and towards an *industry within culture*. I now want to schematically pursue this line of thinking and focus a number of the threads of the above discussion by considering two genres; rap and salsa.

The business of rap

Following my earlier discussion of portfolio management, the first thing to note is that rap is located within the major companies' rhythm and blues or black music section. Major companies began introducing divisions to deal specifically with black music during the early 1970s. This was a response to both commercial opportunity, social and political pressure and cultural changes. In one respect it was a response to pressure from the Civil Rights Movement and National Association for the Advancement of Colored People who sought to urge the major labels to give a more equitable remuneration to black artists and increase black representation among industry personnel. However, the major companies themselves were beginning a process of reassessing how they dealt with different types of music, and followed the recommendations of a 1971 report for CBS by the Harvard Business School which had advocated the formation of black music divisions.[10] This was for many executives a logical restructuring and response to promotional practices and radio broadcasting which had dealt separately with African-American recordings through a series of euphemisms which began with the term 'race music' during the 1920s (Garofalo, 1994, 1997).

One benefit is that these divisions have provided a space for black staff who may not otherwise have gained employment in the industry. In addition, it has ensured that musicians are managed by personnel with knowledge, skills and understanding of r'n'b music. However, the black divisions have often experienced an unstable and uncertain existence. One of the most significant disadvantages is that the department can easily be cut back, closed down or restructured by the corporation (whether this is due to an assessment that the genre has changed or simply because cuts have to be made).

Hence, one issue here is that of occupational insecurity. The music industry is a notoriously insecure place to work, but black music divisions can be particularly unstable. For as long as they have been in existence the variously named r'n'b/black/urban divisions have been closed down and reopened as a way of dealing with financial booms and slumps, and staffed and re-staffed as senior management has continually changed thinking about how to deal with r'n'b.[11]

This instability intersects with a broader issue of historical continuity. One conspicuous point here is that there are very few senior black executives within the corporate hierarchy who are above the black division and hence involved in the decision about closing down business units or re-staffing existing departments. As Reebee Garofalo has also noted 'black personnel have been systematically excluded from positions of power within the industry' (1994: 275). Hence, the black divisions have not been allowed to develop a continuity and a sense of history that is consonant with the African-American contribution to US musical culture.

It is within this context that the music industry began dealing with rap (or not dealing with rap) during the 1980s. At one point it seemed that the major companies had neither the inclination, understanding nor skills to deal with rap. It was partly anxiety, lack of expertise and incomprehension on the part of the majors which allowed small companies to carve out a considerable niche during the 1980s.

One of the characteristics of rap that initially confused the major companies was the way that rap proposed a series of working relationships across different musical entities; cliques, collectives, affiliations and group and label identities that connected together different 'bands' and individual performers (signified in the continual appearance of performers on each other's recordings that establishes very specific networks of affiliation and alliances).

The genre culture of rap posits a different notion of musical practice (not only in the well-documented use of existing musical elements and technologies), but in terms of the idea of a 'career' and sense of belonging to a musical entity. This is quite a contrast from that of the stable, bounded and predictable rock unit or pop band, the solo performer and self-sufficient singer-songwriter which the industry has become competent at producing and comfortable in dealing with. Rap posits a fluid series of affiliations and associations, alliances and rivalries, occasionally serious, and usually related to neighbourhood and representation. These affiliations are lived across various group and individual identities.

This is connected to another issue which the industry has also been uncomfortable with: the representation of 'the real' or what is often referred to as 'being real' and the politics of identity which has accompanied this. This aspect has often received more superficial media coverage than serious debate about the issues which it raises and has frequently been reduced to simple arguments about profanity and the generic imagery of violence and misogyny that has characterized so-called gangsta rap. And 'discussion' is often informed by a simple stimulus–response model of media effects and an aesthetic reductionism through which rap becomes merely lyrics. One consequence, however, is that overt political pressures have been exerted on record companies, from 'community' organizations, government and state forces. This has further encouraged the companies to distance themselves from the genre culture of rap.

Additional judgements made by staff within business affairs and international departments have also had a decisive influence on the acquisition and drawing up of contracts for rap artists. There are two 'business decisions' here which are far more than straightforward commercial judgements. First is an assessment of the ongoing revenue that can be generated from rap; what is referred to as 'catalogue value'. Rap tracks are routinely compared to conventional songs and it is asserted that they cannot be ‘covered’ — re-recorded, re-sung, re-performed by other artists. Hence, rap tracks are judged to have a short catalogue shelf life, in terms of their ability to bring in ongoing copyright revenue from their re-use.[12] In addition, the rights revenue that rap can generate during any assumed ‘shelf life’ is considered to be less than other types of music. In the words of one corporate attorney:

> Music publishing and rap is a nightmare because so much of it is parts of songs. You know they have like one eighth of this song and two-thirds of another song . . . because everything is owned by someone else that can make those deals less expensive, but also less lucrative for the publishers than otherwise. . . . The publisher looks at how much they can collect on a particular album, and sometimes because of the number of samples on the album the amount they can collect can be pretty low.[13]

As Thomas Schumacher has observed in his discussion of sampling and copyright law, a focus on rap not only ‘highlights the ways in which notions of authorship and originality do not necessarily apply across forms and cultural traditions’ but poses problems for the ‘universals of legal discourse’ (Schumacher, 1995: 265). Hence, the music industry copyright system, itself established upon culturally coded assumptions about the character of a composition and performance which can be traced back to the 19th century (Frith, 1993), is inscribed into business practices that in turn inform these apparently straightforward ‘commercial’ decisions. One consequence is that rap is less attractive in terms of the criteria through which long-term catalogue value is accorded. Hence, less will be paid to artists as advances and royalties, because it is believed that less can be earned.[14]

A further pragmatic business judgement which affects the amount invested in rap is the assumption that it does not ‘travel well’. One senior executive in an international department remarked that he had sat in meetings and heard rap recordings being referred to as ‘too black’ for international promotion,[15] a broad sweeping claim that is justified specifically with the assertion that lyrically rap is ‘parochial’ — although the history of popular music is littered with parochial lyrics appearing in numerous places around the world. While rap does foreground poetic vocal performance, it is misleading to imply that this works simply as lyrics and not as an emotional performative sound event. This argument from within the industry, like Tony Mitchell’s claim that US rap has remained ‘resolutely local’ (1996: 26), seems to reduce its aesthetic complexity and rhythmic, harmonic and melodic cosmopolitanism to rap lyrics.

Hence, there are a number of ways in which the music industry seeks to contain rap within a narrow structure of expectations: through confinement within a black division, through arm’s-length deals which avoid having to deal with various alliances and affiliations; through judgements about rap’s long-term historical and geographical potential to endure. One consequence is straightforward lack of investment, and practices to keep investment down (it is easier to deal with production units than to invest in staff and office space within the company). At the same time, rather than bringing the culture — the people, the practices — into the industry, the companies have tended to maintain a sharp border. This can be contrasted with the treatment of rock in the late 1960s and early 1970s. During this period there was a movement from the rock subculture and so-called counter-culture into the music industry — a period when the 'revolutionaries' were on CBS (as one marketing slogan proclaimed at the time).[16] This has continued, with a new wave of young white males recruited into the US music industry in the early 1990s following the success of Nirvana and the stabilization of grunge into modern or alternative rock.

Rap personnel have not been embraced in the same way. For example, when Capitol closed its black music division the company dropped most of its artists and moved only a few acts over to the EMI label. The company publicly announced that this was because EMI had the expertise to deal with them. Yet, a few weeks later, when I interviewed Davitt Sigerson, President of EMI Records, and asked him to explain how he deals with rap, he said:

> I don't have anyone doing r'n'b a & r. What I've adopted as a model is to have a bunch of different production deals or first-look arrangements with entrepreneurs who bring me stuff . . . it's a very affiliative sort of creative community and process and I don't need to be in a camp.[17]

Earlier I drew on George's phrase the 'rhythm and blues world' to suggest that r'n'b is more than a genre of music. Likewise, George has characterized rap culture as a 'post-civil rights, ultra-urban, unromantic, hyper-realistic, neonationalistic, antiassimilationist, aggressive Afrocentric impulse' (George, 1992: 93). In the above discussion I have schematically outlined how these genre cultures relate to the organization of the major companies within the music industry, suggesting that rap culture is kept at a distance from the main offices of the corporations. Despite the influence of rap and hip hop on the aesthetics of music, video, fashion, dancing and advertising, the potential of this broader cultural formation to make a direct contribution to day-to-day music industry business practices is not encouraged.

Salsa and the US Latin music business

Unlike rap, rock and country, which account for a considerable part of the US music market, salsa is a category of tropical music which, in industry terms, is very much a niche market. This means that resources have to be struggled for. Earlier I referred to the fact that music corporations all have limited resources to distribute among the genres within their portfolio. Each department seeks to represent its own interests as more significant and attempts to justify its claims through the presentation of individual sales figures, market share statistics, radio play figures and so on.

Here, the Latin division is immediately at a distinct disadvantage. The key figures are the official statistics which are collated, verified and published by the RIAA (Recording Industry Association of America), the trade body which oversees, represents and lobbies congress on behalf of the music industry. Up until 1997 the RIAA had not published, nor officially verified the statistics for the sales of Latin music in the USA. Although agreeing to consider this possibility during 1996, by the middle of 1997 there had been 'no decision regarding the release of figures for the Latin music market'.[18] In past annual reports profiling the US music business, Latin music has been included in the category of 'other' (unlike rock, rap and country, for example). Officially, up to 1997, Latin music accounted for less than 1 percent of the music sales in the US/Puerto Rico. However, staff I spoke to in record companies suggested that a more reasonable unofficial figure was somewhere between 4 and 7 percent.

In a similar way, the Soundscan system which records all point of purchase sales of musical recordings in over 80 percent of US retail outlets underrepresents the sales of salsa music. This is significant because these figures are used by *Billboard* to create the charts, and these in turn have an impact upon what retailers are prepared to stock and what various media may cover and programme. There are two significant problems here. First, many Latin stores in the United States are small-scale family operations, unlike the megastores and chains such as Tower Records and Sam Goody. These small retailers have generally not installed the machinery for recording sales. Hence, many Latin music purchases do not appear in the official statistics. A second problem is that there are very few Soundscan machines in Puerto Rico. This means that salsa, for which Puerto Rico is one of the major markets, is more underrepresented than other Latin genres such as Tejano, Tex Mex and Regional Mexican genres. A greater quantity of sales of these genres is reported, particularly through machines installed in stores in Los Angeles and Texas. According to staff I spoke to at Sony Discos and Polygram Latino,[19] the official sales statistics published by Soundscan and upon which the *Billboard* charts are based, record only about 20 percent of salsa music sales.

Although companies have their own methods for collecting sales data, they face the problem of *legitimate* market knowledge. When trying to convince corporate headquarters to allocate more resources to the Latin division, or when trying to persuade retailers to stock more recordings, staff involved in managing tropical music have to rely on their own figures. These are statistics which do not have the same aura of legitimacy as those produced, published and circulated by independent industry organizations. Hence, the production of statistical data has significant consequences for individual divisions within the music companies. The rock division, for example, can present independently verified figures when lobbying for more resources.

Apart from statistics, there is another type of knowledge which has a significant impact here: that is the cultural beliefs, values and everyday assumptions which guide the activities of personnel. As I have argued above, these are inscribed into what are often taken to be straightforward business arrangements. Although salsa can legitimately be considered a US 'domestic' genre of music, in that salsa and other Latin genres are produced and purchased within the US and its territories (most notably Puerto Rico), knowledge of the music is significantly separated from those working within the major offices of US music companies. There are three significant barriers here: structural location within the corporation, geographical location within the country and linguistic location within the US cultural hierarchy.

The structural location within the company defines salsa as 'international' (basically as a 'foreign' music within the US). This means that music that was initially associated with New York (and which is still strongly associated with that city but is now produced and consumed in various places in the USA) is located in the international divisions of the major companies which do not report directly to head office in the USA. So, for example, Sony Discos reports to the Latin American Region; WEA Latina reports to Warner Music Latin America which then reports to London; Polygram Latino reports to Polygram Latin America which in turn also reports to London.

This division is compounded by geographical and linguistic divisions. At the time of writing (August 1997), all of the major label Latin divisions were located in Miami. Taken together these divisions can create a formidable barrier between the main part of the US domestic company and Latin music personnel. Staff in the Latin division find it difficult to influence the agendas which are being set at corporate HQ in the US and have little ability to persuade the company to take them seriously enough to invest time, money and skills in production and promotion. Here the organizational, geographical and language divisions combine together to thwart any attempt to sell Latin artists to a broader audience.

A few artists achieve this, notably Gloria Estefan, who came out from the tropical category and is jointly managed by Sony domestic, and the late Selena who 'crossed over' from the Tejano category. One of the most common responses to the request from Latin staff for more attention and investment for their artists is, what has apparently become, a standard response: 'sing in English' (even if the Latin division can show that there is a big demand for the artist singing in Spanish).

Like rap and hip hop, Latin rhythms, melodies and dance styles have become an integral part of much contemporary popular culture. Yet, Latin culture is discursively, geographically and economically located on the margins of the music industry. This issue was highlighted by Maribel Schumacher who was President of Marketing for Time-Warner's WEA Latina division when I interviewed her in April 1996. I asked her if she thought the separation between the Latin/international part of the company and the domestic division was a barrier to how she worked. She responded:

> I don't know whether it's so much a question of structure, so much as people and attitude . . . We've always gotten the cold shoulder, you know the Anglos don't want to know that Latin music will cross over. That's the bottom line. The bottom line is that they want to keep us in the ghetto, ghettoized. I don't think it's a case of structure, I think it's a case of human beings, of people believing in something and then creating the structure to make that happen. But if you have the structure and you don't have people who believe in what you're doing . . .[20]

She ended with a shrug of the shoulders, indicating that even if there were a different structure that there would still be the problem of 'people'. As such, her comments indicate how structure and organizational arrangements intersect with cultural patterns and beliefs. How, in my terms, industry produces culture and culture also produces industry.

Hence, it is not simply that there are particular organizational structures, it is that these are operated according to a type of knowledge through which the world is imagined in a particular way. Uncritically received cultural assumptions and common sense ideas about a world of discrete markets and separate social worlds is inscribed into business practices. These are deployed systematically, ignoring all evidence to the contrary (which would, I suspect, produce a type of cognitive dissonance that would undermine the logic of the system), and this contributes to the separation of knowledge and experience.

In many ways the situation I am briefly describing here is symptomatic of the relationships that uneasily connect the USA to Cuba, Puerto Rico and the Caribbean regions of Latin America in the East, and to the Latin populations of Texas, California and Mexico in the West. It's also indicative of institutional tensions between the English-language and Spanish-language cultures of the United States. In short, this is symptomatic of the treatment of Latin culture as a 'foreign' rather than an integral part of 'US culture'. As Raúl Fernández has noted, during a discussion of Cuban music; 'the absence of the Latin in North America's music parallels the absence of Latin America in the construction of the United States' "national character" ' (1994: 111). Fernández is careful to note that this cannot simply be explained as a consequence of an 'imperial design', a point I would endorse. Yet such broader cultural political tensions are structured into what are often taken to be straightforward economic, organizational practices. These are activities that are lived by those working within the industry as if they are merely responding to 'the world out there'. The immediate impact of this for creative practice is that it establishes a series of distinct barriers, erected between staff within music companies, and in turn between musicians and between different groups of consumers.

Concluding remarks

In discussing how the recording industry is involved in the production of popular music, I have highlighted how corporate strategies which utilize the technique of portfolio management as a way of allocating staff, artists and investment directly intersect with the deployment of a particular type of knowledge which is used to understand the world (constructing a 'reality' that informs the perceptions and activities of staff). The relationship between culture and industry that I have outlined and illustrated here does not simply involve an industry producing culture. Nor does it entail a process whereby an industry has an impact *upon* culture. Instead, I have indicated how the industry is constituted by and within a broader set of cultural practices, while also actively intervening in the reproduction of social divisions.

The complex world, out there, of musical production and consumption, of cultural practice and social activity, cannot be known in any neutral or obvious way. Here I have focused on how the music industry has developed particular techniques for understanding the world, producing knowledge about the world, acting upon that knowledge, and as a consequence intervening in the world. This aspect of record company practice is too complex simply to be collapsed into some notion of 'corporate control' or a crude model of economic determinism. At the same time, it cannot be justified in terms of an industry responding to what is 'out there' or giving different publics what they want. Instead it is the result of very specific ways in which corporate organization seeks to understand and intervene in the surrounding culture, but through which the corporation is also produced through the surrounding culture; a very particular consequence of the interplay between economics and culture in the production of popular music.

In the latter part of this article I have illustrated these themes by pointing to the articulations between musical genre, occupational practices and broader cultural formations. I have pursued some of their consequences in relation to the genre cultures of rap and salsa. One of the key themes in this section has been about the separation and division of social experience and the way in which business decisions are based on a series of cultural divisions. Organizational structures are reproduced through a discursive practice that contributes further to the separation of knowledge and experience and reinforces existing social divisions. This is apparent in the way that the cultural worlds of different genres, whether rap or salsa, are kept separate and at a distance from the dominant culture and practices within the main offices of the music corporations. This is, of course, not the end of the story. But it is a significant way in which ‘the creative’ is contained and controlled within distinct categories (although these are not simply and straightforwardly ‘commercial’ labels). On this point, I would like to conclude by noting that throughout the 20th century, some of the most critically recognized and socially influential music (whether jazz, salsa, reggae or rock’n’roll) has been made when different cultural practices, peoples and musical traditions have met and got mixed up: when different genre cultures have interacted and combined. It is ironic that the music business seeks to capitalize on such mixtures, yet, in producing an organization to take advantage of this, the industry has a tendency to build walls within which ‘creativity’ can be contained. As a consequence, the construction and crossing of bridges to other genre worlds is a process which has occurred and continues to happen despite, rather than because of, the ways in which the major record companies have sought to organize the production of contemporary popular music.

Notes

1. This is part of a comparative study of the production and distribution of three genres; country, rap and salsa. It was financed as a project (award ref. L126251046) within the Media Economics and Media Culture research programme supported by the Economic and Social Research Council of Great Britain. In addition to the ESRC, I would like to thank Leicester University for supporting my application and absence.
2. For an extended elaboration and critique of this type of approach see Negus (1996, 1997).
3. For a more detailed discussion of this point see ‘Why Can’t BMG, EMI and Polygram Maintain 14% of the US Market?’ *Music & Copyright* 50 (28 Sept. 1994): 3–4.
4. Space does not permit an extended discussion of other techniques such as marketing management strategies aimed at ‘knowing’ consumer behaviour, strategies aimed at engineering company culture and various distribution strategies which seek to influence the actions of retailers.
5. See Reynolds (1996) and Rosen (1996). See also Clark-Meads (1996) for a discussion of Capitol redefining its ‘core business’.
6. I wish to acknowledge the very helpful insights and information about this issue provided by Anne Latora, Senior VP Financial Administration, Polygram Group HQ, New York City during an interview on 29 March 1996.
7. On this point I’d like to acknowledge the insights provided during interviews with Joe Galante, Chairman, RCA Label Group, Nashville on 30 May 1996 and Scott Siman, Senior VP, Sony Music Nashville on 10 June 1996.

8. See for example the work of Finnegan (1989).
9. An observation that appeared in Zimmerman (1995).
10. For a more detailed discussion of this report see George (1989).
11. Recent shifts include the transition from appointing senior staff with backgrounds in promotion during the middle of the 1980s to heading the black divisions with attorneys, artists' managers and producers in the early 1990s, to bringing in artists and producers in the middle of the 1990s.
12. This was most explicitly raised by a senior executive at a major corporate group when explaining how the company would strategically assess the value of different musical genres. It was an off-the-record interview.
13. Personal interview, Paul Robinson, Associate General Counsel, Warner Music Group, New York City, 13 February 1996.
14. This is acknowledged within the industry, but I was unable to obtain any verifiable figures.
15. This was again an off-the-record interview.
16. For recruitment from rock subculture into the industry see Chapple and Garofalo (1977) and Frith (1983).
17. Personal interview, New York City, 19 March 1996.
18. Personal correspondence, John Ganoe, Recording Industry Association of America, 6 May 1997.
19. Personal interviews with Rigoberto Olariaga of Polygram Latino and Harry Fox of Sony Discos, both in Miami on 20 June 1996.
20. Personal interview, New York City, 4 April 1996.

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