

Chapter 10

Community and Advantage in the Effects Industry

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ABSTRACT

This study explores the question of how the competitive environment, regional clustering and industry network structure influence the potential for developing firm level competitive advantage based on communities of practice. Paying attention to the context that communities of practice function in is important because only by doing so can we understand the conditions that constrain or facilitate the emergence of competitive advantage from them. Using the motion picture visual effects industry as the basis for a descriptive case, the study relies on primary sources and archival data to examine how managers can move toward competitive advantage by understanding communities of practice and the social, economic and organizational contexts in which they emerge.

COMMUNITY AND ADVANTAGE IN THE EFFECTS INDUSTRY

One of the central motivations for this handbook is the belief that the intentional development of communities of practice within firms should allow managers to achieve competitive advantage for their firms. This chapter extends this idea by examining the question of how competitive

advantage can be supported by communities of practice that emerge outside of managerial control in occupations, extended social networks, regions and industry sectors. Taking this approach is important for two reasons. First, managers seeking to establish and direct communities of practice within firms must understand the contexts within which community members operate if their efforts to create community are to bear fruit. Second, competitive advantage is generally believed to be the product of complex bundles of resources, some

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of which may be outside of direct firm control (Coff, 1999; Eisenhardt & Martin, 2001; Zollo & Winter, 2002). Taken together these reasons suggest that managers should try to understand all the ways that communities of practice (whether created intentionally or not) are influenced by their competitive environment. This chapter moves in that direction by asking the following research question: How can managers promote competitive advantage by exploiting or supporting emergent communities of practice outside the firm?

Communities of practice (CoPs) are social entities defined by the shared practices, knowledge and beliefs that emerge when people work together toward common goals. In its original meaning, (Lave & Wenger, 1991) a community of practice (CoP) is conceived of as a local instantiation of an occupation, craft or social movement, important primarily because it enables a discussion of situated learning and the emergence, diffusion and conservation of the shared practice that characterizes specialized technical domains (Brown & Duguid, 1991; Wenger, 1998), such as copier repair, claims processing, tailoring, retail butcher work and so on. Research from this original stream is primarily inward looking, concerned with the situated learning that ties members to the community.

Recent work on CoPs has expanded in two directions – toward the community of practice as an instrument of managerial intention (Handley, Sturdy, Fincham & Clark, 2006; Lampel & Bhalla, 2007; Liedtka, 1999; Loyarte & Rivera, 2007; Wenger, 1998), and toward the inclusion within CoP theory of what Lindkvist (2005) calls “knowledge collectivities” – communities of diverse specialists oriented toward specific outcomes. The managerialist take sees CoPs as contributing to competitive advantage because they enable capabilities for integrating, coordinating and developing specialist knowledge within firms. By constructing CoPs as integration mechanisms that span diverse specialized domains, managerialist research has opened CoP theory to the question

of whether communal practice can extend beyond a single domain or area of interest.

This has led to the inclusion of collectivities under the umbrella of CoP research. Collectivities are made up of “a mix of individuals with highly specialized competences, making it difficult to establish shared understandings or a common knowledge base.” (Lindkvist, 2005, p. 1190). Like the original version of CoP, the collectivity model emphasizes specialized knowledge, but where knowledge differences reside within rather than between groups. In collectivities shared practices are developed to govern the processes of interaction, integration and coordination between group members, rather than the conservation or development of technical know-how. Liedtka, (1999) argues that such practices can be the basis for meta-capabilities or dynamic capabilities that enable rapid innovation, agility and responsiveness to dynamic environments. What prior research has not addressed is the question of how the contexts in which these social entities function enable the creation or exploitation of competitive advantage.

This chapter uses the motion picture visual effects industry to illustrate the ways that context contributes to CoP based competitive advantage. Visual effects production is an interesting case because it is embedded in an environment (motion picture production) that is organized around short lived projects. It involves repeated short-run interactions between temporary employees of motion picture projects and permanent employees of visual effects firms. This means that participation in firm-based communities of practice co-exists with participation in collectivities that include outsiders (Lindkvist, 2005). Mutual engagement is therefore characterized by movement in and out of projects and firms and by the maintenance of network ties to peers, employers and to specialists of many other kinds. Because there are many projects, persistent mutual engagement may extend across projects even when participants are not members of the same firm. Because the technical and social practices of visual effects tend to reach across

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