

February 2004

## **The Road of Trials: Management Concepts In Documentary Film Production In Australia**

M. L. Jones

*University of Wollongong, [mjones@uow.edu.au](mailto:mjones@uow.edu.au)*

Christina Kirsch

*University of Wollongong, [uow\\_kirschc@uow.edu.au](mailto:uow_kirschc@uow.edu.au)*

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### **Recommended Citation**

Jones, M. L. and Kirsch, Christina: The Road of Trials: Management Concepts In Documentary Film Production In Australia 2004.

<https://ro.uow.edu.au/commpapers/49>

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## Abstract

New technologies affecting work and organizational design, unclear work functions and roles, communication problems, cross-cultural management problems, lack of knowledge transfer and industrial disputes - the catalogue of problems that affect the Australian film Industry (AFI) in general reads like a curriculum in the management discipline. Management and organizational studies have obviously neglected the film production industry and only few established management research programs tackle the film industry (Blair 2000, Cunningham 2002, Starkey, Barnatt & Tempest 2000). This project investigates projects in the AFI from a management perspective, with the objective to develop a theoretical framework and evaluate various management design concepts.

## Keywords

Management, Film Industry, Documentary, Film Production

## Disciplines

Business | Social and Behavioral Sciences

## Publication Details

This paper was originally published as Jones, M and Kirsch, C, The Road of Trials: Management Concepts In Documentary Film Production In Australia, Proceedings of the 9th Australian International Documentary Conference (AIDC), Fremantle, Western Australia, 24 February 2004.

# **The Road of Trials**

## **Management Concepts In Documentary Film Production In Australia**

Michael Jones  
SMMER  
University of Wollongong  
Northfields Avenue  
Wollongong NSW 2500  
Phone/ Fax 02 42213894  
Email mjones@uow.edu.au

Dr. Christina Kirsch  
SMMER  
University of Wollongong  
Northfields Avenue  
Wollongong NSW 2500  
Phone/ Fax 02 99816672  
Email nkirsch@uow.edu.au

### **ABSTRACT**

New technologies affecting work and organizational design, unclear work functions and roles, communication problems, cross-cultural management problems, lack of knowledge transfer and industrial disputes - the catalogue of problems that affect the Australian film Industry (AFI) in general reads like a curriculum in the management discipline. Management and organizational studies have obviously neglected the film production industry and only few established management research programs tackle the film industry (Blair 2000, Cunningham 2002, Starkey, Barnatt & Tempest 2000). This project investigates projects in the AFI from a management perspective, with the objective to develop a theoretical framework and evaluate various management design concepts.

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Australian film industry (AFI) is a multi-million dollar industry and provides work to a considerable percentage of the population ([www.afc.gov.au/gtp](http://www.afc.gov.au/gtp)). The industry is not without its challenges, it is affected by technological developments, especially new digital technologies; by increasing globalization; and, by an increase in the co-modification of the labour market, through proportional increases in the amount of contract based, freelance work. The industry is becoming more project based, and this affects work design, workforce stability and knowledge transfer. Changes, even as significant as these, occur without empirical investigation of their implications, e.g. the effect on employee health and well-being, training and employee qualification, organizational learning etc.

The project analyses and evaluates management and organisational design concepts of film projects based on the STS approach (Emery & Thorsrud 1976) and the MTO model (Ulich 1998). STS has been a popular approach for the analysis work systems and management design concepts since its inception in the 1950s. STS is based on the assumption that only the joint optimization of technology, organization and people will lead to economic efficient and humane work design. Therefore it provides the ideal launch pad for an investigation that aims to analyse the impact of the aforementioned changes on film production in Australia.

Additionally, this research focuses on aspects crucial for the international appeal of Australia to foreign productions, eg cross-cultural management, communication, negotiation and efficient production. As Australian film production companies begin to exploit their comparative advantages in the global film production industry (i.e. abundant sunlight, spectacular natural environment and counter-seasonal advantages) they are increasingly faced with the challenge of undertaking complex, cross-cultural negotiations.

During the first phase of the research project a survey and semi-structured interviews have been developed and tested in the field. Due to the nature of the industry, characterised by a high level of competition, a low level of trust and cooperation between production companies the interview is the preferable way to collect data. The exploratory studies showed that the industry has to deal with a considerable amount of management related problems that warrant a more in-depth investigation in case studies. This paper presents a theoretical framework and empirical data from the preliminary study, in regards to current issues, variances, hindrances, problems and obstacles confronted by the AFI in the area of documentary production.

### **The Australian Film Industry**

The Australian Film Industry is an industry which faces rapid and constant change, its approach to management reflects the difficult nature of this environment. The industry employs a large number of people and provides significant income to Australia's economy; it employs more than fifteen thousand people in 1,975 businesses, and generates almost 1.5 billion dollars per year<sup>1</sup>. The environment the industry presents to employees is characterised by long hours and large working weeks (usually six day weeks, 12 hours per day), irregular working schedules with even less certain pay, extreme levels of pressure, stress and fatigue.

From a recent survey (ASDA 2000) various employment issues emerge as ongoing areas of concern. Of the directors who responded to the survey almost half (46%) earned less than \$20,000 per year, and only 18 percent were able to claim they had full time employment, with a third (30%) relying on financial subsidies from their partner.

The log of grievances is long, and suggests an industry with more than a few business concerns (ASDA 2000):

“Lack was a word frequently applied to concerns:

- Lack of faith in new talent.
- Lack of response to new ideas.
- Lack of investment in our own culture by the TV Networks.
- Lack of a career structure for independent directors.
- Lack of risk taking by production houses.
- Lack of opportunity to move up the scale.
- Lack of private investment in films.
- Lack of miniseries.
- Lack of good producers.
- Lack of residuals for directors (lots of complaints).
- Lack of payment to TV directors for pre-production duties.
- Lack of female TV directors.
- Lack of work.
- Lack of critical, articulate opposition to US product.”

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<sup>1</sup> ABS 2002 ( Figures based on survey date: July 2000)

One of the strongest issues raised by industry executives is the blatant need for predictable funding. A report by the AFC (Bean 2000) highlights the need for better and more consistent film funding, the report describes a self-perpetuating inter-linked chain of problems which threatens to despoil the Australian Film Industry where inadequate funding leads to fragmentation, weakening production companies which undermines the development of the national slate. This leads to even more risky investments, thus reducing the ability of individual projects to carry higher funding, therefore available funds are distributed over a greater number of projects to a lesser extent, with lower probabilities of success. Fewer successful projects further diminish the national slate and depletes professional development, further reinforcing the vicious circle.

To add to this tally of woe, investment opportunities for short films has been reduced to almost half, increasing the entry barrier for new producers. Television stations have also reduced the amount of hours allocated to local productions to almost half, and the production of high budget television commercials has also been significantly reduced. There are now very few avenues open for new (or old) filmmakers to exploit. (Bean 2000)

On the demand side, the Australian Film Industry is also facing increased challenges – the film industry has become global. As global demand increases, the drive to gain market share becomes more important. As the leading producers quest for safe profits, the industry will ultimately seek the cheapest place to produce (Dalton 2002a). Foreign producers have been attracted to Australia due to its favourable exchange rates, relatively low cost of labour and by a technical and creative infrastructure which is becoming world-class (Australian Film Commission 1999).

Increased global attraction to Australia has resulted in the advent of large studios which has the obvious benefits of injecting cash into the Australian economy as well as providing Australian crew and talent with increased opportunities for employment and development. It does however threaten our own cultural industry and identity. (Dalton 2002b). This then leads to problems all of its own; like most countries in the world, Australia has instituted a range of regulations, quotas and subsidies to support its domestic Film Industry, without which the industry would not survive, having too small a domestic market (Hackforth-Jones 2003), these subsidies include (FTA, 2003):

- local content regulations for television and radio,
- support for public broadcasters,
- media ownership regulations,
- controlling the immigration of foreign artists and technicians and supporting employment opportunities for Australians,
- subsidies for film and television production, and
- training support.

Even with these protective measures the American ‘audio-visual’ industries have very generous access to Australian markets. “69% of Australia's total television imports come from the US. Of the 250 feature films exhibited in Australia in 2002, 70% emanated from the US representing 83% of box office receipts. The Australian share was 8%” (Picot 2003). The U.S. product is made to be very appealing to local

programmers due to its high quality and low cost “...one episode of ER costs \$13 million to make and sells into Australia for \$20-\$50,000 compared to one episode of All Saints, which costs \$350,000 to make” (Hackforth-Jones 2003).

As subsidies drop and the market continues to open toward free-trade, the incentives, not to mention the cash, will diminish, denying many filmmakers further opportunity in the Australian market, those that do survive will need to operate on much reduced budgets with smaller crews and with reduced developmental skills. This scenario, and the vicious circle it creates will press additional stresses on film practitioners, demanding greater flexibility, diversity and efficiency.

On the other side of the coin, the film industry has undergone technical change unlike any other, black and white television, and then colour television changed the nature of the industry, video and then DVD have changed the industry, and now the internet and digital production are agitating film production. The latest technical trend effecting film is ‘convergence’ which will see all media, communications and information merging into a single delivery platform geared for easy, convenient, and interactive access by consumers. With the promise of Interactive TV, video-on-demand and broadband Internet, Australia is on the verge of stepping into this new dimension. (Jacka 2001). This will create opportunities for new entertainment services with untapped revenue streams, it will allow traditional film companies the chance to diversify and perhaps support conventional projects through subsidised cash flows. But with this will come the burden of management, how will resources be allocated? How will staff across differing functional strata be coordinated? Faced with change in the past, the film industry has continued to adapt and innovate, and has continually managed to survive, turning changes to its advantage. “Arguably, no enterprise has been more buffeted by opposition from new technologies, and still survived and prospered” (Shanklin 2002). How will the advent of these new innovations affect management in this industrial sector?

The nature of employment relations within the industry is also much more difficult in film than in other industries – due to constantly shifting structures and relationships, where individual crews gather and scatter on a project-by-project basis – leading to what Daskalaki and Blair describe as Semi-Permanent Work Teams (2002). As a result the industry faces complex management challenges. Yet the industry continues to thrive with employees working a generous share of the productive hours and employers striving for the next project and subsequent meal-ticket. The ability of this industry to adapt to changing and demanding situations is sometimes miraculous, resulting in evolving management styles which are often years ahead of other industries. Researchers have gone as far as claiming that the Film Industry is the “vanguard of future employment practices” (Blair, Grey and Randle 2001)

These constants threats, changes, and tensions have not been without their costs, especially to the independent sector. Creativity is becoming stifled, and art is making way for commerce, and the increased pressures to do more with less are leading to greater incidents of personal and occupational breakdown. (Maddox 1992). What the film industry needs is a greater understanding of the management concepts and skills which are best suited or adapted to meet the needs of this unique industry. Current managerial and organisational research has tended to bypass this area of business with

only a few research programs taking any interest (Blair 2000; Starkey, Barnatt and Tempest 2000; Cunningham 2002). This current research project will investigate projects in the Australian Film Industry from a management perspective, with the objective of developing a theoretical framework which will provide the basis for an evaluation of management and production design concepts.

Using theoretical frameworks which focus on the social and technical aspects of film management, this project will analyse and evaluate management and organisational design concepts of film projects. The ultimate aim of the project is to discover through analysis and benchmarking the best management practices within the industry, and then disseminate this information to the benefit of the industry. Management research in the film industry, as is highlighted by Blair et al (2001), would also provide immense benefit to Australian businesses in general, as the film industry is often seen to lead other industries in terms of management styles.

This research focuses on aspects crucial for the international appeal of Australia to foreign productions, eg cross-cultural management, communication, negotiation and efficient production. Outcomes of the research will help to fine-tune Australian film companies toward greater national and international production efficiency, and subsequently relieving many of the stresses which plague the industry today.

### **Theoretical Background**

The Sociotechnical Systems approach (STS) has been a popular approach for the analysis of work systems and management design concepts since its inception in the 1950s (Emery & Thorsrud 1976). STS design is based on two premises (i) that an organization or a work unit is a combination of two independent but linked systems – the social system, which governs how people interact through the rules of psychology, sociology and politics; and the technical system, comprising the equipment and processes, and which follow the rules of physics, chemistry and engineering, and (ii) that the organisation, as a system, is open to its environment. Fundamentally, STS attempts to create a productive fit between technology, structure, and social interaction of a particular production unit. The fit is one which looks internally and externally – internally work is designed so that the relationship between the social and technical elements of a work system yield positive outcomes, this is called joint optimization. STS differs from traditional methods which design the technical component and then fit people into it, expecting them to adapt, comparatively the STS design seeks simultaneous adjustment; this leads to increased performances with greater social harmony. Externally, STS works to effectively manage the boundary between the unit and its environment, this is known as boundary management, “which is a process of protecting the work system from external disruptions and facilitating the exchange of necessary resources and information”(Ketchum and Trist 1992; Appelbaum 1997; French and Bell 1999)

The analytical features of the STS design are enveloped in a comparative framework known as the Man-Technology-Organisation model (MTO). Figure 1 shows the integration of these two models. This model provides a comprehensive analysis and evaluation of firms working in the film industry which is undertaken at four levels, the business level, the project level, the team level and the individual level. The working units as well as the overall organisation are studied to determine the design

effectiveness and efficiency. Additionally, the quality of working conditions are assessed, determined by the degree of sociotechnical optimisation of work tasks and work structures, ideally recommending a more efficient fit between the “development of the employees' qualifications, the implementation of advanced technology as well as the design of the work organization (people-technology-organization approach)” (Strohm and Ulich 1999).

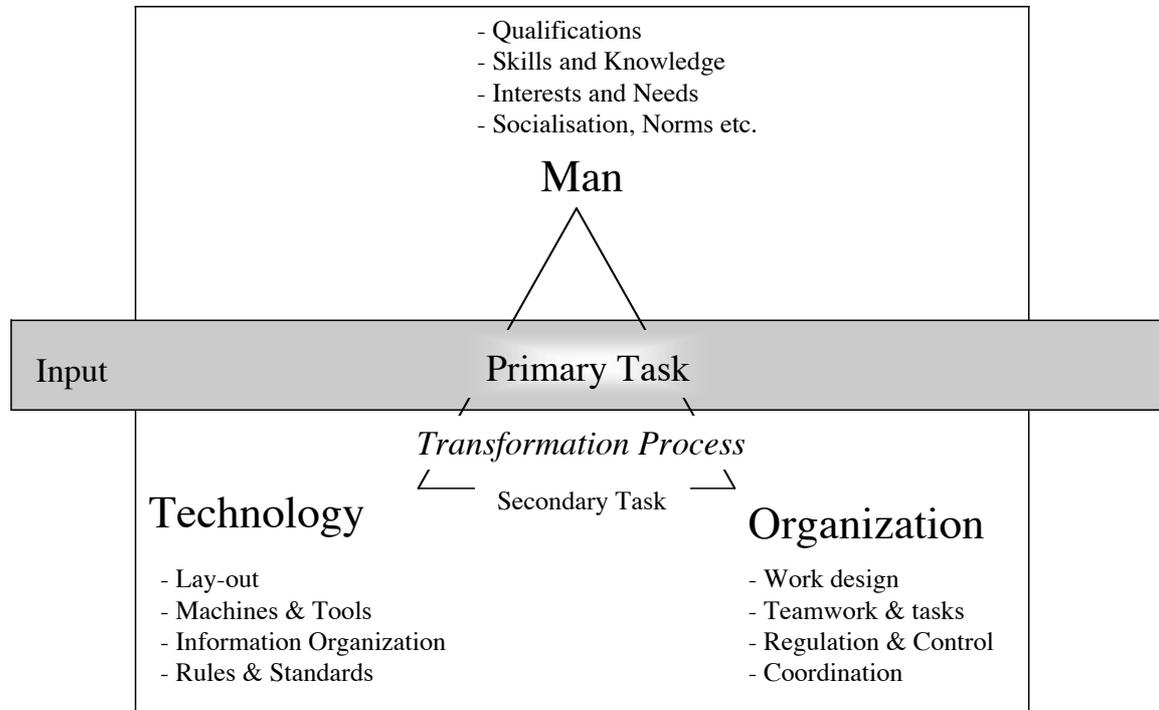


Figure 1. Integration of the STS and MTO models

By using this systematic and analytical model many of the issues and problems the industry faces and the management methods that have evolved to deal with them can be observed and understood. The analysis is able to produce a comprehensive profile of the strengths and weaknesses of an organisation, and allows the conception of design criteria for integral restructuring, in the sense of sociotechnical optimisation. Moreover, experience has shown that use of MTO and STS is particularly appropriate in organisations which have the ability to change and adapt to future-oriented design concepts, as is the case with the project driven nature of the film industry. (Strohm and Ulich 1999).

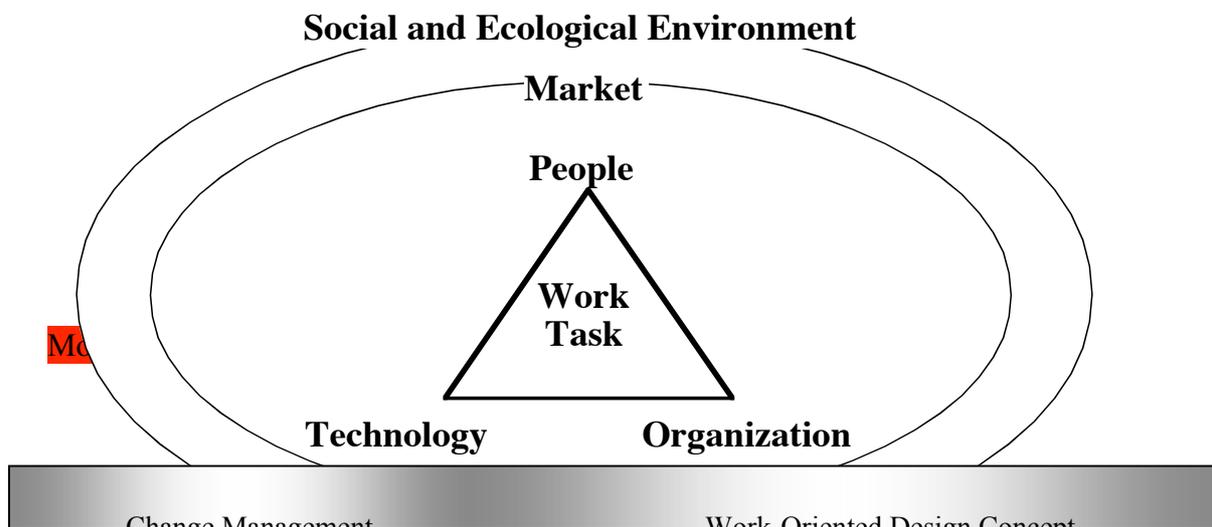


Figure 2. The depth of analysis of the MTO/STS model

As discussed above, the model provides systematic analysis at four levels, see figure 2. At the *level of the production company* organisational elements are evaluated, these include production strategies and requirements, personnel structure, implementation of technology, vertical and horizontal alignment and integration of sub-units, quality management, reward systems, and job design. Orientation with regard to the environment of the enterprise is essential for analysis and evaluation at the *level of project*. At this level the system considers functional elements, for example, the forms of division of labour, and the completeness of primary tasks within the various organizational units are evaluated. At the *level of the production crew* the degree of freedom for collective regulation of work and working conditions is assessed. Finally, analysis at the *level of the individual* demands that employees' own subjective evaluations of the work situation and working conditions be included. (Strohm and Ulich 1999)

Outcomes of this analysis will yield:

- A detailed evaluation of firms and projects within the Australian Film Industry emphasising systemic strengths and weaknesses.
- A basis for well-conceived derivation of integral design concepts.
- Recommendations for change highlighting greater socio-technical alignment.
- An understanding of the industries 'Best Practices' with regard to management and organisational design

After a preliminary round of empirical investigation, the research project is currently at the stage of fine-tuning its instruments, the next stage will be to conduct more thorough questionnaires and field observations. Initial investigations have found that the Australian Film Industry has varying degrees of fit between its social and technical systems, particularly with regard to job design and reward/motivation structures. These misalignments create unnecessary tensions and can serve to undermine performance sustainability as well as create personal and occupational problems, such as OH&S issues, and physical and psychological breakdowns. Individual job tasks tend to be highly variable with poor support and infrastructure, and when this is coupled with high levels of indefiniteness, as it is in this industry, it can result in reduced productivity. Further research is needed to understand what is working, and what is not.

## CONCLUSIONS

The Australian Film Industry is unique compared to other Australian industries; it faces many challenges both technical and social in nature, which are more easily overcome in other businesses. Australia is also in an opportune position as far as attracting film business from other countries. Australian film crews have a high

global reputation, Australia provides great 'location' diversity, with skilled and versatile talent. However, these attributes, and our competitive exchange rate are not enough to secure international work on their own, Australian crews must become more sophisticated, particularly with regard to organisational and intra-organisational management. (Griff and Aisbett 2002)

The fundamental connection between the development of an industry which has the capacity to produce Australian film and television and the potential to grow the level of foreign production is the fact that attracting foreign production requires above all a sophisticated domestic industry: ongoing levels of foreign production can only be sustained where indigenous film industries have reached a high level of sophistication and capability. (Dalton 2002b)

Research into the management practices of firms in the Australian Film Industry will enable greater opportunities to develop business sophistication, to increase management skills and production capabilities, and help sustain the Australian Industry in the global environment.

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