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**Reference:**

Jacobs Sofie, Cambré Bart, Huysentruyt Marieke, Schramme Annick.- Unraveling Belgian fashion designers' high perceived success : a set-theoretic approach  
Journal of business research - ISSN 0148-2963 - 69:4(2016), p. 1407-1411  
Full text (Publisher's DOI): <https://doi.org/10.1016/J.JBUSRES.2015.10.116>  
To cite this reference: <https://hdl.handle.net/10067/1323680151162165141>

## **Unraveling Belgian fashion designers' high perceived success: A set-theoretic approach**

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July 2015

The authors thank Ellen Loots, University of Maastricht, and Walter van Aniel, Antwerp Management School for their careful reading and suggestions. Send correspondence to Sofie Jacobs\*, Sint-Jacobsmarkt 9-13, 2000 Antwerp, Belgium (sofie.jacobs@ams.ac.be); Bart Cambré, Sint-Jacobsmarkt 9-13, 2000 Antwerp, Belgium (bart.cambre@ams.ac.be); Marieke Huysentruyt, Sveavägen 65, Stockholm, Sweden (Marieke.Huysentruyt@hhs.se); Annick Schramme, Prinsstraat 13, 2000 Antwerp, Belgium (Annick.schramme@uantwerpen.be).

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### **Abstract**

This article presents an explorative comparative case study of 19 cases in the fashion design industry regarding the achievement of high perceived organizational success. The set-theoretic analysis of these data yields two configurational pathways to high perceived success. Firstly, a balance between exploitation and exploration is necessary, especially when the fashion design firm is at an early stage in the life cycle or following dominant industry logic. Secondly, no balance is sufficient for low perceived organizational success. These findings enhance configurational understanding of the fashion industry and show that the business side of that industry needs more support.

**Keywords:** Fashion design industry; ambidexterity; dominant logic; csQCA

## 1. Introduction

In the past few decades, the Belgian fashion industry is receiving international praise as a niche-level scene and as a highly successful incubator for new fashion design and future-oriented designers (Martinez, 2007). The sector has an enviable reputation as a hub for independent designers, offering something genuinely distinctive from mainstream fashion while also attracting subsequent generations of young international designers to study fashion design in Belgium (Craik, 2014).

Previous research reveals that studies on this industry, however, largely concentrate on the “art” rather than the “business” side of fashion (Choi, 2012). This sector has strong dominant logics and mainly consists of beginning entrepreneurs and small enterprises. Above all, creative entrepreneurs seem to have difficulty balancing economic and artistic tensions (Wilson & Stokes, 2006).

Accordingly, fashion companies need to balance artistic and economic considerations (Kolsteeg, 2014), targeting both commercial success and artistic expression to ensure long-run survival (Lampel et al., 2000). This tension, which links to the concept of ambidexterity, is a pull between *exploration* and *exploitation* (Andriopoulos & Lewis, 2009; March, 1991). Gibson and Birkinshaw (2004) coin the concept of contextual ambidexterity and argue that the best firms are those that can carefully balance explorative innovation with exploitative innovation in an ambidextrous fashion (Chang, 2012; Raisch & Birkinshaw, 2008).

However, within the theory of ambidexterity, almost all empirical studies focus on large, multi-unit firms (Chang, 2012). With few exceptions (e.g., Abebe & Angriawan, 2014; Lubatkin et al., 2006), studies on ambidexterity fail to account for SMEs, a business type that accounts for the largest share of companies within the creative industry sector (Jeffcutt & Pratt, 2002), including the fashion industry. Andriopoulos and Lewis (2009) posit that SMEs

face greater challenges than larger firms do in managing the tensions and tradeoffs that associate with explorative and exploitative innovations.

Therefore, to broaden the findings of previous research, this study combines the following concepts: Dominant logic, organizational life cycle, and the balance between exploration and exploitation. This study also employs a configurational perspective on these concepts in addition to the qualitative studies approach and econometric modelling typical in creative industries research. Finally, this study also contributes on the practical level by providing fashion design managers and policymakers with a more tangible understanding of pathways for perceived success in the fashion industry.

This study builds on an in-depth comparative study of 19 cases within the Belgian fashion design industry. Fiss (2007) states that organizations are clusters of interconnected structures and practices; in this vein, this study systematically compares the cases using a set-theoretic Qualitative Comparative Analysis (QCA) to discover patterns that hold reliably across the cases (Rihoux & Ragin, 2009). Although QCA is increasingly common in organization and management science (Bakker et al., 2011), QCA is a novel approach in the research of management at creative firms. Set-theoretic approaches enable researchers to elucidate how factors combine into configurations of necessary and sufficient conditions underlying outcomes (Rihoux & Ragin, 2009), and so this approach identifies several models or mechanisms that explain a diverse set of comparable cases (Marx & van Hootegem, 2007).

## **2. Conditions influencing high perceived organizational success**

This research seeks to explore a configurational perspective on high perceived organizational success in the fashion industry. Drawing on prior research and experience, this article deals with three concepts: The balance between exploitation and exploration (i.e., ambidexterity), organizational life cycle, and the presence of dominant business logic.

### *2.1 Balance between exploitation and exploration*

This first concept represents the balance between the artistic (exploration) and the economic decisions (exploitation) that creative firms must achieve (Andriopoulos & Lewis, 2010; Lampel et al., 2000). Scholars often call successful organizations “ambidextrous”: These organizations are efficient in their management of current business demands, while remaining sufficiently adaptive to changes in the environment to ensure long-term success (Gibson & Birkinshaw, 2004; Tushman & O’Reilly, 1996).

This study considers contextual ambidexterity. Contextual ambidextrous individuals and organizations have the capability to switch between different mind and action sets in accordance with situational demands (Bledow, 2009). Additionally, ambidexterity associates positively with subjective ratings of performance (Burton et al., 2012; Markides & Charitou, 2004). Therefore, this study envisions to find a positive link between the balance of exploitation and exploration in fashion firms and high perceived organizational success. However, this study cannot make any assumptions about the configuration of this balance with dominant logic and organizational life cycle.

### *2.2 Dominant logic*

A dominant logic comprises “a mindset or world view or conceptualization of the business and the administrative tools to accomplish goals and make decisions in that business” (Prahalad & Bettis, 1986, p. 491). A dominant logic increases an organization’s efficiency by reducing the set of environmental stimuli and responses (Sinkula, 2002), thereby simplifying and accelerating decision making. This concept, however, can suffer from possibly toxic rigidity effects when environmental conditions change (Bettis & Prahalad, 1995; Bettis & Wong, 2003).

Spender speaks of an “industry recipe,” a “shared knowledge base that those socialized in an industry take as familiar professional common sense” (Spender, 1980, p. 69). The industry recipe contains core beliefs about the relevant set of competitors and the appropriate way to compete. In this context, a link exists between firm-level and group-level competitive activities, thus, an individual firm within the industry has a narrow range of strategic possibilities to consider (Porac et al., 1989). This logic becoming dominant could impede innovation. This could perhaps be why many companies cannot overcome internal and external barriers to innovate (Matthyssens et al., 2006). Industry recipes supply the industry rules of the game (Berghman et al., 2006), and most scholars agree that an obsolete dominant logic can create strategic path dependencies, limit innovation potential, and eventually cause strategic problems (Bettis & Prahalad, 1995; Bettis & Wong, 2003).

To summarize, a dominant logic can increase an organization’s efficiency, but also strategic problems can appear under certain circumstances. Therefore, this study does not expect a single link between dominant logic and perceived success. In addition, this study cannot make any assumptions about the configuration of dominant logic with the balance between exploration and exploitation and organizational life cycle.

### 2.3 *Organizational life cycle*

An organizational life cycle is a specific phase in an organization’s development. Many scholars see this concept as essential to understand success and failure (e.g., Lumpkin & Dess, 2001; Quinn & Cameron, 1983). In the research literature on creative industries, only a few authors discuss life cycle approaches as a way of understanding creative organizations more effectively (Hagoort, 2012). This study distinguishes four phases drawing on Hagoort’s (2012) insights into life cycles in creative organizations: Firstly, the *idea phase*, in which the organization focuses on artistic leadership and ideas. In this stage, organizations learn mainly

by trial and error. Secondly, the *structure phase*, in which the firm creates a division between the artistic and strategic activities. In this phase, the organization develops a strategic vision regarding both production and distribution. Next, when the organization is stable, the organization reaches the *strategy phase*, with new artistically-inspired, future-oriented initiatives. The last phase, the *festival phase*, revolves around teamwork and innovative projects. Hagoort's insights are similar to Greiner's (1998) life cycle model, which describes this life cycle as a sequence of crises. This research does not have an expectation regarding the link between organizational life cycle and perceived success. In addition, this study does not make any assumptions about the configuration of this life cycle with the balance between exploration and exploitation and the dominant logic.

### **3. Method**

One of the key contributions of this study is the application of a set-theoretic method. QCA provides a unique set of tools to systematically examine similarities and differences of a set of comparable cases and identify structural conditions that lead to an outcome (Marx et al., 2013). Furthermore, set-theoretical approaches can process conjunctural, equifinal, and asymmetric causal complexity.

This study employs the most conventional type of QCA: Crisp-set Qualitative Comparative Analysis (csQCA), using the computer software R.

#### *3.1 Data collection*

The first step consists in four in-depth interviews with fashion industry experts to construct a dominant logic framework for the fashion design industry. The second step consists in selecting the research population; this study divides fashion designers into four segments: The independent designers, the luxury fashion concerns, the middle market, and the



retail chains (Schrauwen & Schramme, 2014). Independent designers and the middle market segment are the most common segments in Belgium, and participants of these two groups come from a Flanders Fashion Institute's database, which lists 257 Belgian fashion designers. From this database, this study selects 50 cases following a most similar/most different strategy (Yin, 2003). Nineteen cases respond positively to a request for an interview, all of whom this study subsequently interviews. To avoid sample bias, this study carries a non-response analysis that shows that 19 cases are a representative sample.

The semi-structured interviews last between 40 to 90 minutes; the study keeps tape recordings and transcriptions. In addition to the formal interviews, the study collects additional data about the cases from financial reports, press documentation, and website information.

### *3.2 Calibration*

A crucial aspect of QCA is the calibration of the data; Schneider & Wagemann (2012) argue that the research should explain the reasoning behind the selection of the cut-off point between 0 and 1 in csQCA.

#### *3.2.1 Balance between exploration and exploitation*

This explorative research expects that a balance between exploitation and exploration positively links to perceived organizational success. During the interviews, fashion designers answer questions about this concept in relation to their practice. For fashion designers, exploration involves being creative and experimenting with novel designs, techniques, and materials. Exploitation, however, has more to do with the designer continuing to offer best-selling fashion items, as well as having a business mindset and distributing their fashion

pieces through different channels. Building on within-case knowledge, cases are in the set when the fashion designer shows a balance between exploitation and exploration.

### 3.2.2 *Life cycle*

Drawing on Hagoort's (2012) insights on life cycles in creative organizations, this study distinguished four phases: An idea phase, a structure phase, a strategy phase, and a festival phase. The information to attribute cases to a set comes primarily from the interviews. Thus, based on within-case knowledge, cases are out of the set when being part of the idea phase; if cases start from the structure phase, they are in the set.

### 3.2.3 *Dominant logic*

To unravel the dominant fashion industry logic, the study conducts in-depth interviews with four fashion experts. Combining the expert's insights with literature research results in a framework of a dominant fashion-design industry logic. This framework represents a dominant way of thinking within the fashion industry about gaining success as a fashion designer, and consists of three categories: Strategy, finance, and marketing. Being successful in the fashion industry, following the dominant logic, means that regarding *strategy*, the fashion designer (1) must have a good working relationship with the producer and provide that producer with extensive technical manufacturing information; (2) must have a business structure; (3) must have entrepreneurial and business knowledge and skills, or support from someone who does; and (4) must have a strategy regarding online sales. For *finance*, being successful within this logic means (5) having an accountant or a business partner; and (6) having a clear financial plan with external funding or government support. Following the dominant logic on *marketing*, the fashion designer must (7) have a flagship store to meet clients or be present at fashion trade fairs; and (8) have a strong presence on social media.

The information to attribute cases to this set builds on within-case knowledge. The cross-over point for cases that follow the dominant logic is 5 out of 8 points. Thus, cases are in the set when they follow at least 6 out of 8 points of the dominant logic framework. The study conducts a successful robustness check by shifting the cross-over point, which didn't change the results of the analysis.

### *3.2.4 High perceived organizational success in creative industries*

Financial performance and business success are not synonymous for small businesses (Besser, 1999); especially not for those creative industries where artistic performance is crucial. Furthermore, financial data are not available for all of the cases because independent traders do not publish their annual accountings. Therefore, the outcome condition in this research is high perceived organizational success. In any case, subjective measures are acceptable indicators when other kinds of measures are unavailable (Dawes, 1999). According to Besser (1999), the measure of organizational success that this research uses is the fashion designer's own evaluation of his firm's success, that is, asking the designer to "please rate the success of your organization (by your own definition of success) on a scale of 1 to 5, with 1 being very unsuccessful and 5 being very successful." Cases are in the set when they show high perceived organizational success, thus a score of 4 or 5.

## **4. Results**

Asymmetry is central in QCA, so this study performs two separate analyses: One for the presence of the outcome, and one for the absence of the outcome.

### *4.1 Results for the presence of the outcome S*

The first step in QCA is the analysis of necessary conditions. This study sets the consistency threshold in 0.99 (Schneider & Wagemann, 2012). Only one condition fulfils this criterion: Balance between exploitation and exploration (BAL), with a consistency of 1.00 and a relevance of necessity of 0.80. Due to the small number of cases, BAL is also part of the analysis of sufficiency.

The sufficiency test aims to identify configurations of conditions that are sufficient for the outcome. In the truth table below (Table 1), each row represents one of the logically possible AND combinations between the conditions (Schneider & Wagemann, 2012).

Table 1 here.

The consistency threshold to include a truth table row into the minimization process is 0.85 (Schneider & Wagemann, 2012). One logical remainder is present: Row 6, a combination of conditions for which no cases exist. After the minimization of the truth table, this study reports the intermediate solution term. This solution term draws on easy counterfactuals and is less complex than the conservative solution term. The intermediate solution also gives the same result as the most parsimonious solution, meaning all conditions are core conditions. In this study, the intermediate solution consists of two paths:

$$\text{BAL} * \sim\text{LIFE} + \text{BAL} * \text{LOG} \rightarrow \text{S}$$

For fashion designers to have high perceived organizational success, a balance between exploration and exploitation in combination with being present in the idea phase of the life cycle is sufficient; having that balance while following the dominant industry logic is also sufficient.

Table 2 is an overview of the intermediate solution term and the parameters of fit.

Table 2 here.

#### 4.2 *Results for the absence of the outcome S*

For the analysis of necessary conditions for the negation of the outcome, the consistency threshold is 0.99. The results do not reveal any relevant necessary conditions. The intermediate solution is

$$\sim\text{BAL} + \text{LIFE} * \sim\text{LOG} \rightarrow \sim\text{S}$$

A lack of high perceived organizational success as a fashion designer is attributable to not having a balance between exploration and exploitation, or a combination of being at a more advanced stage of the life cycle while deviating from the dominant industry logic. Table 3 gives an overview of the solution term and the parameters of fit.

Table 3 here.

## **5. Discussion, limitations, and suggestions for further research**

This study arrives to two major conclusions. The first conclusion concerns the set-theoretic approach. The configuration perspective, which builds on concepts from practice, clearly fits the research question: The study finds two configurational pathways for high perceived success. The analysis shows that balance is a necessary condition for high perceived organizational success, and is particularly necessary when the fashion design firm is at an early stage in the life cycle, or when following the dominant industry logic. Furthermore, no balance is sufficient for low perceived organizational success. These findings support previous studies regarding ambidexterity that conclude that the best firms are those which can simultaneously balance exploration and exploitation (e.g. Chang, 2012; Raisch & Birkinshaw, 2008).

Those cases without balance perform a great deal of exploration but little exploitation although they have low perceived organizational success. On the one hand, these fashion designers attach great importance to the artistic dimension of their job, but tend to be unsatisfied with the exploitation side of their business. These designers feel that they need

more business knowledge, or simply more time, to combine the exploration side of their business with the exploitation side. On the other hand, fashion designers express low perceived organizational success when deviating from the dominant industry logic in combination with being in a more mature firm. This contradicts the expectation (e.g. Bettis & Prahalad, 1995; Matthyssens et al., 2006) that breaking through the dominant industry logic would lead to organizational success. In this respect, the dominant logic is a mechanism to increase an organization's efficiency by reducing the set of environmental stimuli and responses (Sinkula, 2002). An interesting finding is that, when a fashion designer has a mature organization, not following the dominant logic is not advisable for the designers' achieving a positive perception about the success of the company. The study also finds that the industry is more tolerant towards young companies deviating from established industry patterns.

A second conclusion concerns policymakers and managers within fashion design firms. The pathways to high or low perceived success show that the business, or commercial side, of fashion design firms need more support to achieve the proper balance.

To conclude, this study has several limitations. During an earlier explorative attempt to apply QCA to this research subject, the analyses have a limit in the number of cases and the complexity of the analysis. The final findings come from a relatively small sample of 19 cases, which limits the adoption of QCA to a crisp-set variant. Finally, the small sample also limits the amount of conditions that the analysis can use, and these conditions are probably not exhaustive. Future research should delve into other possible conditions leading to a successful organization in the fashion design industry.

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Table 1. Truth table for analysis of sufficiency for S

Row	Conditions		Sufficient for		Cases with membership in row
	BAL	LIFE	LOG	S	
8	1	1	1	1	B, E, F, M, N, O, P, Q
5	1	0	0	1	D, G
1	0	0	0	0	H, L, R
2	0	0	1	0	A, J, S
3	0	1	0	0	C
4	0	1	1	0	I
7	1	1	0	0	K
6	1	0	1	?	–

Table 2. Intermediate solution with parameters of fit for S

	BAL*~LIFE	BAL*LOG
Raw coverage	0.22	0.78
Unique coverage	0.22	0.78
Consistency	1.00	0.86
Covered cases	D, G	B, E, F, M, N, O, P, Q
Solution consistency	1.00	0.86
Solution coverage	0.22	0.78
Uncovered cases	A, C, H, I, J, K, L, R, S	

Table 3. Intermediate solution with parameters of fit for ~S

	~BAL	LIFE*~LOG
Raw coverage	0.80	0.20
Unique coverage	0.70	0.10
Consistency	1.00	1.00
Covered cases	A, C, H, I, J, L, R, S	C,K
Solution consistency	1.00	1.00
Solution coverage	0.80	0.22
Uncovered cases	B, D, E, F, G, M, N, O, P, Q	