

THE ECONOMICS OF COLLECTIVE MANAGEMENT IN THE MUSIC COPYRIGHT INDUSTRY IN THE NETHERLANDS: DIGITAL TRANSFORMATION AND EQUITABLE REMUNERATION

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ABSTRACT. The digital era has brought about profound changes in how music is created, distributed, and consumed, posing a need for modernizing the Dutch collective management system of music copyright to match the rapidly changing digital music industry. This study aims to identify the key stakeholders and their perceptions of the Dutch system of collective management of music copyright. Utilizing qualitative document analysis, the study examines a range of public and non-public documents, including income statements, annual reports from Collective Management Organizations (CMOs), and contracts between publishers and creators. The research is further enriched by twenty-four semi-structured interviews with key stakeholders such as composers, lyricists, music publishers, copyright lawyers, and CMO executives. The findings of the study highlight several issues like the outdated IT systems and the lack of data standardization within the system. The research also notes a contrast in organizational effectiveness: major publishers are well-organized and unified in their negotiations with Digital Service Providers (DSPs) and CMOs, effectively advocating for their rights. However, music copyright holders, despite their legal homogeneity, are either unorganized or ineffectively aligned, displaying diverse interests and varying levels of access to information, as well as differences in norms and values prioritization. The study is grounded in the economics of collective management (ECM) and makes a significant academic contribution to this field by introducing new empirical findings to ECMs core constructs and integrating theoretical perspectives. The research offers valuable insights for policymakers, industry stakeholders, and researchers, aiming to foster a more equitable music copyright management system in the digital context.

1. INTRODUCTION

Copyright protection provides creators and copyright holders exclusive rights over their musical works, enabling them to control their compositions' reproduction, distribution, and public performance (Towse, 2017). Technological advancements have fundamentally transformed the creation, distribution, and consumption of music, presenting substantial challenges for collective management of music copyright in the digital context (Priest, 2021).

According to the EU's 'Study on emerging issues on collective licensing practices in the digital environment' (Bulayenko et al., 2021), the music copyright holders and the

CMOs still face a lack of transparency regarding the use of music for which they hold the copyright ownership and the music they represent. Two of the main issues the music copyright industry is facing today are: (1) what music was played when and where and (2) who should get paid and how much (Axhamn, 2019; Aguilar, 2019; Hadziarapovic et al., 2021; Johansson, 2023). Recent discussions suggest that accountability and transparency of music use still must be properly addressed and resolved (Marshall, 2015; Robinson, 2023; USA Today, 2023).

The Economics of Collective Management (ECM) is a field of study that explores the economic implications and challenges associated with the collective management of, among others, music copyrights. Collective Management Organizations (CMOs) have a leading role within the music copyright system, enforcing copyright law(s) by representing the interests of copyright holders, negotiating licenses with the users of music, and collecting and distributing copyright royalties (Handke, 2014; Watt, 2016; Towse, 2017; Miller & Klingner, 2022). These practices and mandates are rapidly evolving in the context of digitalization. The economic implications of collective management of copyright are not limited to the industry of music copyright alone and extend beyond the music industry itself. The music industry is considered a forerunner in technological change and lessons may be learned from the music industry for the benefit of the entire creative industry (Lyons et al., 2019).

The abovementioned digitalization of the music industry in this paper refers to the digital transformation of processes, systems, and data and not to the conversion of analog information into a digital format (digitization).

By addressing key empirical issues and drawing insights this study seeks to inform policymakers, key industry stakeholders, and researchers in their efforts to promote an equitable system for collective management of music copyright in the context of digitalization. The objective of this study is to contribute to the economics literature on copyright by offering a comprehensive analysis of CMO practices and stakeholder perceptions in the context of digitalization, alongside a thorough understanding of the challenges and opportunities in the collective management of music copyright in the Netherlands. This research

is employed from the perspective of rightsholders of the music copyright, namely creators (composers and lyricists) and the publishers of popular music. To achieve its objectives, this study will include answering the following three research questions:

- (1) What are the key features and challenges of the Dutch collective management of music copyrights system, including its legal framework, institutions, and practices?
- (2) What are the key characteristics of the key stakeholders within the system of collective management of music copyrights in the Netherlands and what are their interrelationships?
- (3) What is the key stakeholders perception of the Dutch system of collective management of music copyright in the context of digitalization?

The scope of the research is limited to the Netherlands. As a member of the European Union (EU), the Netherlands is obligated to adhere to EU laws and directives, including those about copyright. However, the country maintains a degree of autonomy in the application and implementation of these laws at the national level, allowing for interpretive flexibility by the Dutch government and the two-folded monopolistic CMO, Buma/Stemra.

To develop a nuanced understanding of Dutch system and to offer insights of the rightsholders perceptions, qualitative methods were employed (Jenner, 2011). Present scholarly work on the collective management of music copyrights primarily investigates its theoretical basis, encompassing both legal and economic dimensions. Nonetheless, research that examines the practical outcomes of this regulatory framework often centers on the CMOs governance, while paying less attention to their members and the broader ecosystem in which they function (Aguilar, 2019). The research methodology combines both inductive and deductive approaches, leveraging the identified core constructs of ECM as interpretive 'codes' for empirical analysis. These constructs serve as a foundational framework, further enriched and contextualized through practical experiences from the field. This approach ensures that the theoretical constructs are not only grounded in academic literature but also resonate with the real-world complexities and insights of the music copyright system.

This paper is organized into five sections. Following this introduction, Section 2 provides insight into the collective management of music copyrights in the Netherlands and the

synthesis of a narrative review of the existing literature, highlighting key theories, empirical studies, and methodologies employed in the field of ECM. In Section 3 the methodology for the empirical part of the study is outlined and described followed by the presentation of the findings in Section 4. Finally, in Section 5 the conclusions, discussion, and future directions for research are described.

2. ECONOMICS OF COLLECTIVE MANAGEMENT OF COPYRIGHT

2.1. Stakeholders and their interactions. Figure 1 below provides a visual representation of the system of collective management of music copyrights in The Netherlands, including the direct and indirect stakeholders and essential aspects of their interactions.

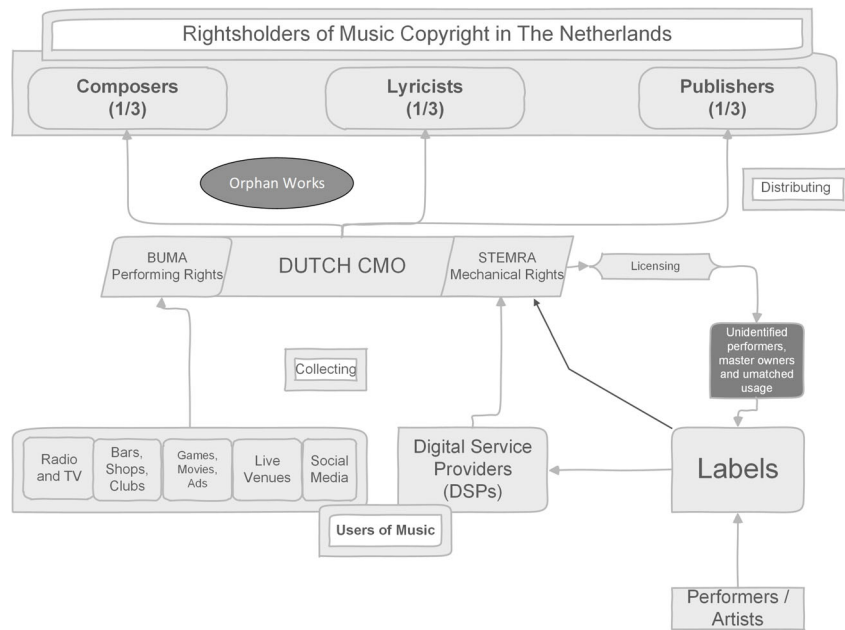


FIGURE 1. The Structure of the Music Copyright System in the Netherlands (cf. Hadžiarapović et al., 2022)

2.2. The collective management of music copyright. The literature on collective management of music copyright is grounded in various theoretical frameworks that provide insights into the economic dynamics and efficiency of copyright systems. The property rights theory (Hurt & Schuchman, 1966) highlights how copyright provides incentives for

creative work by ensuring creators and copyright holders have exclusive rights, while a robust collective management system as noted by Sganga (2020), supports a harmonious balance of interests among creators, rights holders, and the public, contributing to a sustainable music ecosystem.

Copyright law, designed to balance consumer welfare with creator incentives, is predicated on the belief that stronger protection stimulates creators to produce superior and more abundant products. This, in turn, grants creators greater market monopoly power, leading to higher profits through increased consumer willingness to pay, and fostering future creation. However, theoretical literature in the pre-internet music industry, including works by Liebowitz (1985) and Takeyama (1994), suggests that strengthening copyright law could inadvertently harm authors' remuneration by enabling sellers of copyrighted goods to "indirectly appropriate" willingness to pay from consumers prone to copying, thereby making copying beneficial to copyright holders.

Theoretical perspectives also challenge the notion that stronger copyright protection necessarily fosters greater creativity. Watt and Towse (2006) argue that increased earnings from enhanced protection may lead to more leisure time and less creative activity, with a potential tradeoff resulting in younger artists creating more and older artists creating less as copyright law strengthens.

Studies (e.g., Filer, 1986; Wassall and Alper, 1992; Kretschmer and Hardwick, 2007), show that a minority of authors earn a significant portion of their income from copyright royalties, casting doubt on the correlation between earnings and creative activity. Nevertheless, copyright law has played a pivotal role in amassing considerable business fortunes and fostering economic power, particularly in the entertainment industry. The primary beneficiaries of copyright are not the creators but the corporations that produce and distribute copyrighted products (Macklem, 2023). Copyright, as a mechanism for incentive, has significantly influenced the growth of creative and cultural industries in most countries (Watt, 2009).

CMOs serve as a crucial component in the copyright ecosystem, enhancing efficiency by mitigating transaction costs and potentially offering risk-bearing advantages to their

members. While studies have been conducted to assess the efficiency of these collectives, particularly in the European context (Rochelandet, 2003), the limitations in data and methodological constraints have made it challenging to establish definitive causal relationships between legal frameworks and the performance of CMOs. While CMOs can facilitate earnings for authors, they may also introduce a level of risk due to uneven income distribution, especially for professional writers (Kretschmer and Hardwick, 2007). Therefore, while CMOs offer certain advantages, they also come with complexities that warrant further investigation.

2.2.1. *Access over ownership.* Until the business model shift of the music industry to the ‘access over ownership’- model, the theoretical discussions and empirical works mainly revolved around the transaction costs economics. It highlights the importance of efficient governance structures, transparency, and information-sharing mechanisms within CMOs to minimize transaction costs and facilitate the administration of music copyrights. Before the introduction and adoption of pay-per-download and streaming business models in the music industry, CMOs played a crucial role in supporting music copyright holders by overseeing the use of their works and distributing remuneration. They also facilitated the process for users of copyright-protected work, who could often obtain a blanket license for multiple works without needing to clear rights with each individual rights holder (Yakubova, 2022). This system was particularly effective in the broadcasting sector, where television and radio companies worldwide served as the primary revenue source for the music copyright industry (Klobucnik & Quiroz, 2019).

CMOs have been identified as crucial intermediaries in the copyright system, handling agreements with authors, royalty collection and distribution, and legal protection of rights (Yakubova, 2022). They have been considered natural monopolies, with the potential for competition in collective rights management services (Handke and Towse, 2007). Despite their natural monopoly characteristics, CMO’s might still face potential competition. This could be in the form of emerging technologies, alternative rights management models,

or legislative changes that introduce competition.¹ CMOs have been seen as an efficient solution to high transaction costs in administering copyright in some markets (Watt, 2016; Zhang, 2016). However, they have also been criticized for the potential drawbacks of standardization and monopoly power inherent in collective administration possibly leading to a one-size-fits-all approach that may not suit all creators or the accumulation of excessive power due to monopoly (Handke, 2012).

With the advent of Spotify in 2008 and the subsequent shift towards an 'access over ownership' business model in the music industry, the scholarly discourse on the economics of collective management within the context of music copyright from 2008 to early 2023 has concentrated on themes synthesized below.

Several studies (e.g., Hesmondhalgh et al. 2021; UNESCO, 2022; Wall Communications, 2019), examined the economic implications of streaming services on music copyright. They found that while streaming services have led to a decline in revenue from physical sales and digital downloads, they have also provided new revenue opportunities through subscription fees and advertising. However, concerns have been raised regarding the fairness of royalty distribution on streaming platforms, with Page (2023) highlighting the need for transparent and equitable payment systems.

In the digital era, it is essential for CMOs to adapt and evolve, fostering enhanced cooperation and integrating new technologies for effective usage monitoring and royalty distribution, as highlighted by Klobucnik & Queiroz (2019). The exploration of a Digital Copyright Exchange (DCE) as a dual-market platform, and the application of blockchain technology in this realm, have been subjects of investigation (Towse, 2017; Beelen, 2019). Furthermore, Gervais (2015; 2019) has examined the effects of digitalization on copyright administration, noting the development of joint ventures among major music publishers and selected CMOs. These collaborations aim to create comprehensive platforms for the licensing of online rights in musical compositions.

¹For example, digital platforms and blockchain technology are introducing new ways of managing rights that could compete with traditional CMOs.

Reformations in copyright law, advocating for simplicity, shorter payment terms, and improved governance for efficiency, are essential to adapt to the digital age (Priest, 2021). Clearer legislative rules for digital transactions are required to foster a conducive environment for CMOs' cooperation (Klobucnik & Queiroz, 2019), and the application of Directive 2014/26/EU warrants further analysis (EU, 2021).

CMOs fulfill a crucial and recognized role and yet face several challenges such as mismanagement, lack of transparency, and slow adaptation to digital technologies (Band, 2012). The equitable valuation of works further compounds these challenges (Yakubova, 2022). Nevertheless, opportunities abound. CMOs possess the potential to facilitate copyright markets by capitalizing on economies of scale (Bellido & Macmillan, 2016), and have the possibility to refine the policies and practices in alignment with the WIPO TAG standards (Bakar et al., 2022). World Intellectual Property Organization (WIPO) TAG standards are a set of recommendations and guidelines for CMOs to improve their *transparency, accountability, and governance* (TAG) in the field of copyright and related rights.

Table 1 presents the core constructs, their descriptions, and related sub-constructs or concepts as derived from the narrative review of ECM literature. The study of ECM has been clarified by identifying several important concepts. These concepts are considered to be the main elements of the ECM framework. Those were then broken down into smaller, more specific parts. This more detailed division helped to look more closely at the information, creating a strong structure for sorting the research findings. By linking the data collected from real-world examples with these basic concepts, the research gains more real substance and a stronger theoretical basis.

Through this ongoing process, the theoretical basis is used not just as a tool but as an effective means for a thorough examination and understanding of the varied aspects

within the study of the economics of collective management (ECM).

Key Construct	Description	Sub-constructs/Related Concepts	Interrelation with other constructs (Ontology)
Copyright Collective Management	The collective administration of copyrights including licensing, collecting royalties, and ensuring remuneration.	- Property Rights - Collective Licensing - Equitable Remuneration	Interacts with almost all other constructs. Directly influences Transaction Costs, Economies of Scale, and Monopoly Power. Impacted by Legislation and Regulation, Digitalization, and Copyright Enforcement.
Transaction Costs	Costs associated with making economic exchanges in collective management.	- Negotiating Licenses - Monitoring Usage - Collecting Royalties - Distributing Royalties	Influenced by Economies of Scale (as efficiency can reduce costs). Affects Principal-Agent Relationship (costs may affect trust and oversight dynamics). Related to Governance Structures (efficiency in decision-making can reduce transaction costs).
Economies of Scale	CMOs' operational efficiency through resource pooling and centralized administration.	- Lower Average Costs - Scalability	Affects Transaction Costs and Monopoly Power (larger scale can lead to market dominance). Influenced by Digitalization (technological advances can enhance scalability).
Principal-Agent Relationship	The relationship between copyright holders and CMOs.	- Trust - Oversight - Incentive Alignment	Influenced by Governance Structures (decision-making processes affect agent dynamics). Affects Fair Compensation (trust and alignment of incentives are crucial for fair remuneration).
Monopoly Power	The market power of CMOs as monopolies and its implications.	- Licensing Terms - Pricing - Royalty Distribution	Influenced by Legislation and Regulation (legal frameworks can limit or enhance monopoly power). Affects Fair Compensation and Asymmetric Information (market dominance can lead to information imbalances).
Asymmetric Information	Situations where parties have unequal information, leading to inefficiencies.	- Management and Enforcement of Copyrights	Related to Bounded Rationality (limitations in information processing contribute to information asymmetries). Influences Transaction Costs and Principal-Agent Relationships.
Bounded Rationality	Limits of individuals/organizations to process information and make optimal decisions.	- Decision-making - Information Processing	Affects all constructs to some extent (limitations in decision-making and information processing are universal). Particularly impacts Governance Structures and Asymmetric Information.
Network Effects	The phenomenon where the value of a service increases as more people use it.	- User Base Growth - Value Increase with User Adoption	Directly relates to Digitalization as increasing digital access broadens the user base. Affects Copyright Collective Management because a larger user base can lead to higher efficiency in rights management and royalty collection. Interacts with Access over Ownership, as streaming services grow and more users engage, enhancing the value of the platform. Influences Economies of Scale as the growing user base can lead to greater efficiencies. Impacted by and impacts Fair Compensation, as the network's growth can change the dynamics of royalty distribution.
Governance Structures	Internal organization and decision-making in CMOs.	- Accountability - Transparency - Stakeholder Representation	Influences Principal-Agent Relationship, Fair Compensation, and Externalities (internal organization affects broader ECM dynamics). Affected by Legislation and Regulation.
Externalities	Spillover effects not captured in market transactions.	- Cultural Impact - Influence on Creative Works	Influenced by Monopoly Power and Digitalization (market dynamics and technological changes can create spillovers). Impacts Fair Compensation and Cultural Impact.
Fair Compensation	Balancing remuneration with public access to creative works.	- Copyright Term - Rights Scope - Exceptions	Central to the relationship between Copyright Collective Management and Externalities. Affected by Monopoly Power, Principal-Agent Relationship, and Governance Structures.
Copyright Enforcement	Strategies to monitor and enforce copyright laws.	- Legal Actions Against Unauthorized Use	Directly influences and is influenced by Copyright Collective Management. Affected by Legislation and Regulation.
Digitalization	Impact of technological change on copyright management.	- Shift from Physical to Digital Media	Impacts almost every other construct, particularly Copyright Collective Management, Economies of Scale, and Externalities. Influenced by Legislation and Regulation.
Legislation and Regulation	Legal framework governing collective management.	- Copyright Laws - Directives - Treaties	Influences nearly all constructs, particularly Copyright Collective Management, Monopoly Power, and Dispute Resolution Mechanisms. Affected by Property Rights Theory (as legal frameworks are often shaped by underlying economic theories).
Dispute Resolution Mechanisms	Methods for resolving conflicts over copyright usage and royalties.	- Arbitration - Litigation	Integral to the enforcement and governance aspects of ECM, particularly related to Copyright Enforcement and Principal-Agent Relationship. Influenced by Legislation and Regulation, as legal frameworks dictate dispute resolution processes.
Property Rights Theory	How copyright incentivizes creative work and balances interests.	- Incentive for Creation - Sustainable Music Ecosystem	Underpins many constructs, especially Copyright Collective Management, Fair Compensation, and Access over Ownership. Influences Legislation and Regulation, as theoretical underpinnings often guide legal structures.
Access over Ownership	The shift towards streaming models and its implications on copyright.	- Royalty Collection - Legal Protection - Efficiency vs. Monopoly Debate	Directly related to Digitalization and its impact on ECM. Affects Fair Compensation and Transaction Costs, as the shift to streaming alters revenue models and operational efficiencies. Engages in the Efficiency vs. Monopoly Debate, tying into Monopoly Power and Economies of Scale.

Table 1: Constructs of ECM

3. RESEARCH METHOD

Our study employs a qualitative methodology, chosen for its fit with a constructivist framework and its effectiveness in exploring complex social interactions, as highlighted by Maxwell (2012) and Merriam et al. (2015). This approach facilitates an in-depth examination of the nuanced dynamics in music copyright's collective management, revealing insights beyond the reach of quantitative methods (Corbin and Strauss, 2015).

Our methods comprised document analysis and 24 expert interviews. The activities for the document analysis and expert interviews were structured in an iterative process enabling us to dynamically respond to emerging themes and insights, enhancing the richness of the findings.

The document analysis phase was critical in establishing a contextual framework for the subsequent stages of data gathering. Expert interviews complemented this initial analysis by contributing first-hand perspectives from individuals who deal with the complexities of the music copyright system regularly or even daily. These interviews were integral to the ongoing data collection and analysis, enriching the research with practical insights and informing the interpretation of the documents collected and analyzed.

3.1. Document analysis. The document analysis method involved the collection, categorization, and analysis of documents pertinent to the system of collective management of music copyrights in the Netherlands. The documents related to the legal framework were obtained from various sources, including the websites of Buma/Stemra, the Dutch government, and the European Union, as summarized in table 2 below. In the process of assembling documents, specific attention was directed towards the acquisition of non-public materials. To gather these, an identification strategy was enacted to pinpoint rightsholders within the network who have existing contractual and financial interactions with publishers and CMO, specifically Buma/Stemra. Once these rightsholders were identified, they were approached and informed about the significance of their private documents for the research study. Assurances were provided regarding the confidential treatment of their data, and a request was made for them to share their contracts with publishers

along with their income statements from Buma/Stemra. This request was met with a level of cooperation that yielded four separate non-public contracts between creators and publishers, alongside six detailed income statements from Buma/Stemra. These private contracts offered a window into the stipulations and financial arrangements that govern the relationships between creators and publishers. Similarly, the income statements shed light on the actual financial transactions and the distribution of royalties facilitated by Buma/Stemra.

The handling and analysis of these sensitive documents were conducted with a high degree of ethical consideration, ensuring that the privacy of the rightsholders and the confidentiality of the information remained intact. The analytical process mirrored the rigor applied to the public documents, enabling a layered and comprehensive understanding of the economic mechanisms at work within copyright management. This inclusion of non-public documents added an extra dimension to the study, revealing the intricacies of financial flows and legal agreements that are typically shielded from public, thereby enhancing the robustness of the research findings.

The documents were further classified into public and non-public categories and included, next to abovementioned encompassing income statements from CMOs to rightsholders and agreements between publishers and creators, annual reports of CMOs, reports from the Supervisory Board for Collective Management Organizations for Copyright and Related Rights etcetera.

A preliminary exploration was conducted to identify patterns, themes, and areas for in-depth analysis (Bowen, 2009). The data analysis utilized a thematic approach, with open and thematic coding to identify main themes and subthemes, following Merriam & Tisdell (2015). The coding of content was based on ECM's core constructs and sub constructs as presented in Table 1. The coded data was further analyzed to identify trends and interpret the data in the context of the research objectives (Corbin and Strauss, 2015). To ensure reliability and validity, two coders and one controller coder were involved, acknowledging the challenges in using multiple coders such as increased time, resources, and coordination. We conducted a software-assisted qualitative content analysis, structuring it

category-based following Kuckartz (2016). Our developing thematic categories draw both deductively from existing ECM literature, and inductively from empirical material, the public and non-public documents.

The documents are coded using Atlas.ti software, which, while not providing specific intercoder reliability statistics, offers valuable support for coding comparison and visual analysis. This software aids in identifying coder agreement and disagreement and allows for data export for further analysis, such as calculating the Kappa coefficient, if necessary. This process enhances intercoder agreement and the overall reliability of our qualitative research. Additionally, the analysis underwent peer debriefing, where scholars and experts external to the project reviewed the research approach and outcomes. This external scrutiny provided constructive critique, ensuring a robust and credible study.

The document analysis was aligned with the research objectives, ensuring integrity through a methodical and thorough evaluation of the source materials. To illustrate, non-public documents such as contracts between creators and publishers were meticulously examined for consistency and completeness. In instances where data gaps were encountered, particularly within the financial details of the Buma/Stemra income statements, we actively sought supplementary information. For example, when income statements lacked clarity in royalty distribution, we reached out to the rightsholders for detailed breakdowns to ensure our data's comprehensiveness. Additionally, when contracts omitted specific terms relevant to our study, we consulted legal experts to understand standard practices

within the industry. This proactive approach fortified the reliability of our findings.

The Document Analysis overview: public and non-public documents				
OFFICIAL PUBLIC DOCUMENTS				
<i>Document Type</i>	<i>Source</i>	<i>Description</i>	<i>Key Construct</i>	<i>Analysis Method</i>
The Dutch Copyright Act and its amendments	(Netherlands Ministry of Justice, 2023).	This is the primary source of law that regulates the rights and obligations of authors and users of works of literature, science, and art in the Netherlands.	Legislation and Regulation	Content analysis for legal framework understanding
The annual reports and statistics of the Dutch Collective Management Organizations (CMOs) Buma/Stemra	(Buma/Stemra, 2021; Buma/Stemra, 2022; Buma/Stemra, 2023)	These are the organizations that represent the interests of authors, performers, and producers of music and other works and collect and distribute royalties on their behalf.	Copyright Collective Management, Economies of Scale, Monopoly Power	Data analysis for operational insights
Studies and surveys of the Dutch Association of Music Producers (NVPI)	(NVPI, 2024)	This is the trade association that represents the interests of the music industry in the Netherlands, including record companies, music publishers, and distributors.	Digitalization, Externalities, Market Trends	Analyzing market trends and digital transformation impacts
The reports of The Oversight Board for Collective Management Organizations for Copyrights and Neighboring Rights	(CVTA, 2024)	The Copyright Supervisory Board is a regulatory body tasked with overseeing the operations of collective management organizations (CMOs) that handle copyrights and neighboring rights. This board ensures these organizations adhere to legal standards and fair practices in the management and distribution of copyrights and royalties, safeguarding the interests of creators and rights holders.	Legislation and Regulation Fair Practices	Content analysis for understanding enforcement and implementation of copyright law
NON-PUBLIC DOCUMENTS				
<i>Document Type</i>	<i>Source</i>	<i>Description</i>	<i>Key Construct</i>	<i>Analysis Method</i>
The contracts and agreements between the authors, performers, producers, publishers, and CMOs of music and other works and CMO statements to rights owners	Accessed through rightsholders (direct communication)	These are the documents that specify the terms and conditions of the rights and obligations of the parties involved in the creation, distribution, and use of music and other works. They include clauses on royalty rates, payment methods, duration, territory, exclusivity, and dispute resolution.	Copyright Collective Management, Principal-Agent Relationship	Detailed content analysis for contract specifics

Table 2: Overview of analyzed Dutch Music Copyright documents

3.2. Expert interviews. The study involved participants selected through purposive sampling, as described by Merriam and Tisdell (2015). Some were contacted directly per email or phone and were approached through our own network, some through LinkedIn or their organizations email. All were selected based on the insights of the document analysis and narrative review of literature and involved both stakeholders directly and indirectly affected by digital transformation of the music copyright industry and its further technological development.

Before the interviews a code protocol was made and used during the interviews (Appendix 3). Eventually we interviewed twenty individuals from five stakeholders groups. Four of these individuals were interviewed twice, due to time restrictions during the first interview and a need for deeper elaboration of some key topics discussed during the first interview, what resulted in total of twenty four interview transcripts with six composers (direct key stakeholders), six publishers (direct key stakeholders), three representatives of Dutch CMO Buma Stemra (direct key stakeholders), 2 copyright lawyers (indirect key stakeholders), one editor in chief of a major Dutch radio station (indirect key stakeholder), one Digital Service Provider (DSP) representative (indirect key stakeholders) and 1 book publisher (indirect key stakeholders). These individuals spanned a wide age range from 20 to 59 years and brought diverse educational backgrounds, predominantly holding Bachelor's or Master's degrees. Their collective experience in the music industry varied, ranging from 10 to 35 years. Appendix 1 shows the used selection criteria and Appendix 2 has an overview of participants.

This varied group provided a comprehensive range of perspectives and experiences within the music copyright industry. Importantly, the multi-phase approach facilitated an iterative data collection process. Insights from earlier phases were used to refine subsequent lines of inquiry, thereby enriching the depth and quality of our findings. This longitudinal layering, combined with data triangulation from multiple sources, fortified the study's validity and reliability.

We observed saturation in our interviews as subsequent sessions ceased to yield new insights or themes, signifying a thorough exploration of the topic. Nonetheless, we conducted two additional rounds of interviews to ensure we hadn't overlooked any critical information.

Interviews were conducted comprehensively, lasting from approximately 36 minutes to over two hours, and took place between November 2020 and December 2022. The format of these interviews varied, with some conducted face-to-face and others via video call. All interviews were audio-recorded and transcribed verbatim, with the full consent of the participants. In our research, we designed open-ended, flexible interview questions allowing

participants to express their views and experiences fully. The data analysis utilized a thematic approach, with open and thematic coding to identify main themes and subthemes, following Merriam and Tisdell (2015). To ensure reliability and validity, two coders and one controller coder were involved (Maxwell, 2012), acknowledging the challenges in using multiple coders such as increased time, resources, and coordination. After transcribing the interviews, the next phase was to conduct a qualitative content analysis. Our thematic categories draw both deductively from ECM literature, and inductively from empirical material (Table 1). Subsequently, these categories were detailed in a codebook, complete with coding rules and examples. The transcripts are coded using Atlas.ti software, the software also used for the analysis of documents and interview data.

4. FINDINGS

4.1. Music Copyright System in The Netherlands. As visually represented in Figure 1, the Dutch CMO Buma/Stemra plays a leading intermediary role within the system of collective management of music copyright in the Netherlands. It grants licenses to the users of copyrighted music, collects royalties and distributes the collected money to the music copyright holders. Digital Service Providers (DSPs) in the music industry are platforms that distribute, stream, or sell digital music content. These platforms have become the main avenue for music consumption in the digital age. Some of the most prominent DSPs include Spotify, Apple Music, Deezer, Amazon Music, YouTube Music and Tidal.

Buma/Stemra, has the societal role to promote both material and immaterial interests of authors and their successors, publishers, and publishing companies, without profit (Smits and Winter, 2018). The association Buma, founded in 1913, has a legal monopoly on the collection of fees for the public performance of musical works. Stemra Foundation, established in 1936, is the only organization in the Netherlands that collects mechanical rights for the reproduction of compositions on image and sound carriers. Stemra does not have a legal monopoly in the Netherlands but has a monopoly based on a license granted by the Dutch Minister of Justice.

In 2022, Buma/Stemra reported a membership of 37,846, comprising 35,175 composers/authors, 1,677 publishers, and 994 heirs, and employed around 168 full-time staff. The organization distributes copyright fees equally among composers, lyricists, and music publishers, each receiving 33.33%. For compositions without lyrics, the division is 50% each between composer and publisher. Buma/Stemra issued various licenses, including 55,000 for performances, 143,000 for retail and hospitality venues, and 293 for radio and TV, covering 6.6 million downloads and 91.7 billion online streams.

Since 2017, Buma/Stemra has operated in two sections: User/Licenses and Rightsholders/Processes, with plans for a future merger of Buma and Stemra. The organization is governed by a Board representing diverse interests and a Members' Council advising on decision-making. Its main income comes from rights revenues, with a portion used for management costs and investment revenues.

Buma/Stemra also organizes events like Musicians Day and Amsterdam Dance Event. Buma/Stemra's events support and promote Dutch music creators at home and abroad. The events aim to increase market share, develop talent, and network in the music sector. The events also aim showcase Dutch music diversity and quality, and offer learning, collaboration, and exposure opportunities. Buma/Stemra connects and informs its members and stakeholders through the events (Buma/Stemra, 2023).

Despite its significant role, the organization has faced issues like mismanagement allegations, leading to investigations and reports by KPMG (2013) and the 'Nader Onderzoek Buma/Stemra' committee (Smits and Winter, 2018). These reports prompted intensified supervision and recommendations for improved management and corporate governance. In 2021, Buma/Stemra recognized the need for continued efforts towards greater efficiency and transparency (Buma/Stemra, 2023).

The Dutch CMO uses its own system for the valuation, collection, and distribution of music copyright royalties. Music usage is categorized into different categories: Public usage rates (Buma), rates of radio and television rates for online music use, rates of sound carriers (Stemra), and rates of audiovisual productions. Each category has its own rates and within categories, there is a possible rate variation. Next to the collection and distribution

of music copyright royalties, Buma/Stemra is also responsible for, and given the mandate to, negotiate the tariffs for the use of music and issuing licenses to users, allowing them access to the entire registered repertoire. Until recently, user-generated content (UGC) platforms such as YouTube, TikTok, Instagram, and Facebook were not legally required to compensate for the musical content uploaded by their users. This changed with the implementation of the Directive (EU) 2019/790 (European Parliament and Council of the European Union, 2019) which stipulates that online UGC platforms must pay appropriate and proportionate remuneration to rightsholders. However, as noted by a Buma/Stemra representative, CMOs face challenges in negotiating online licensing fees. The interpretation of what constitutes “appropriate and proportionate” compensation under Directive (EU) 2019/790, effective since 2021, varies. Additionally, the competition in pricing among CMOs in different regions, including Europe, the UK, and the USA, does not uniformly reflect the economic value of music, as these organizations offer varying rates to Digital Service Providers (DSPs). Buma/Stemra collects data on where licensed music is played and distributes income based on usage. The value of live music is based on duration, and the distribution of revenue is calculated using a points system. The effectiveness, accuracy, and efficiency of the system of valuation, collection, and distribution of music copyright royalties is outside the scope of this study and will be addressed in-depth in one of our future studies. Buma/Stemra operates under a legal framework that primarily organizes oversight of the organization.

Considering the supply side of music copyright, there is a distinction between creators and publishers of music in The Netherlands. They both have to become members of Buma/Stemra. In regards to publishers the following is stated on the website of Buma/Stemra (Buma/Stemra, 2023a):

“As a music publisher, you work with songs and their copyrights and make sure that music creators earn as much as possible from their music. Buma/Stemra helps you monitor music use and collect royalties for your music creators’ music.”

Regarding the international exchange of metadata and collected money, the copyrights of the members of Buma/Stemra are represented abroad by 148 sister organizations. With these organizations, Buma/Stemra has concluded a reciprocity agreement (Buma/Stemra, 2022) to exchange information about music usage. Buma/Stemra is a member of the European Grouping of Societies of Authors and Composers (GESAC) and the International Confederation of Societies of Authors and Composers (CISAC). These organizations are involved in the management of copyright and operate at an international level to represent the interests of authors, composers, and other creative professionals which aids in identifying foreign rightsholders.

As stated on the website of Buma/Stemra (Buma/Stemra, 2023b) :

“Since the sister organizations are autonomous organizations that act on the basis of local legislation, statutes and regulations, there may be some discrepancy between the manner of representation by the sister organization and by Buma/Stemra . The economic, financial, and political situation in the country concerned can also play a role. Amounts and rates in the territory of the sister organizations may deviate from the Dutch standard. There is also the possibility that there is no representation of performance rights and/or mechanical rights for a country.”

Funds received from foreign sister organizations are processed by financial administration. The administration office supplements incomplete distribution lists from these organizations and then assigns the revenue to the correct usage year and includes the license invoice for proper distribution. With 263.2 million euros collected in 2022 (Buma/Stemra, 2023) and 2.2% of the global share, the Netherlands is a relatively ‘small player’ in the music copyright market compared to countries like Japan, USA, Germany, UK, and France.

Both publishers and creators need to register their musical works in order to receive copyright royalties, based on the use of their music or the musical works they exploit. Since the perception of these stakeholders is the main aim of this study, this process will be outlined and discussed in detail, in section 4.2 below, and supported by the quotes from

interviews.

<i>Theme</i>	<i>Category</i>	<i>Code</i>	<i>Quote</i>	<i>Key Construct</i>	<i>Synthesis/Interpretation</i>
Role of Buma/Stemra	CMO Operations	Licensing and Royalty Collection	"Buma/Stemra grants licenses to the users of music and collects royalties..."	Copyright Collective Management	Buma/Stemra plays a crucial role in managing copyrights, balancing creators' with user access. Their function demonstrates the importance of collective management in facilitating equitable compensation for creators.
Digital Service Providers	Digital Copyright Management	Online Music Distribution	"Digital Service Providers...include Spotify, Apple Music, Deezer..."	Digitalization	The rise of DSPs has significantly transformed music consumption, creating new challenges in rights management and royalty distribution for CMOs like Buma/Stemra.
Legal Framework	Copyright Legislation	Legal Monopoly	"Buma founded in 1913 has a legal monopoly on the collection of fees for public performance..."	Legislation and Regulation	The legal monopoly of Buma reflects a structured approach to copyright management within the Dutch legal framework, ensuring centralized collection and distribution of royalties.
Governance and Transparency	Organizational Structure	Criticism and Oversight	"...the CMO has faced criticism and controversy including allegations of mismanagement and lack of transparency..."	Governance Structures	Criticism of Buma/Stemra highlights challenges in governance and transparency, emphasizing the need for accountability and efficient administration in CMOs.

Table 3: Example of Summary of findings from document analysis

4.2. Perception of the system. Standardization of data and processing protocols emerges as a universal challenge for CMOs worldwide and for Buma/Stemra specifically. Country-specific variances can lead to challenges concerning the distribution of copyright royalties as well as challenges concerning the identification of the rightsholders. Despite the critical need for standardization, CMOs struggle to agree on standardized music metadata and back-office processes.

Taking into account the need for data standardization and the aforementioned challenges, the following statement is made by a composer:

"The current music industry is complex and non-standardized, making it challenging to get a full picture of what is happening. Payments for music usage are based on extensive data transfers across many systems and borders, resulting in payments frequently going wrong and not reaching those creating and owning the music. Additionally, lengthy financial royalty statements containing detailed payment information are so complex

that many artists and their managers cannot analyze them correctly and therefore cannot utilize this information.” [Participant 7]

The IT-challenges by Buma/Stemra are further emphasized by a composer:

“Of course, we live in a digital age but a lot of that software is written by people so there are a lot of mistakes in it. That’s just year after year, you know how it works, uh, IT is difficult to get right year after year, patch after patch. Such a software system does not always improve. . .” [Participant 1]

And according to the interviewed international publisher:

“The fact is that you do not know what happens to your copyright and that the person who uses your copyright is actually not in breach at all.” [Participant 3]

The system of music copyright is perceived as complex by the experts. The Copyright Law of the Netherlands (Overheid, 2023) consists of 168 articles and many exemptions to the articles. For some parts, it is based on the EU Intellectual Property Laws and regulations. Statutes and regulations, published on the website (Buma/Stemra, 2023c), contain 21 documents. Furthermore, there are 20 documents containing relevant information for the rightsholders, excluding annual reports and CMO’ publications.

Subsequently, the system of distributing money to the rightful owners is complicated and prone to many mistakes. Nearly all participants concurred on this matter, with a publisher articulating it particularly comprehensively:

“They (Buma/Stemra) work with their systems that have to connect properly in one way or another. The radio or television or Spotify or Deezer also work with systems, administrative systems that are set up to distribute their profits, er, pay them and distribute their profits as well as to transfer the money to the rightful claimant as well. It all has to match. If that can’t come together like a nice glove, because that technique isn’t well matched, uh, then the mistakes are possible.” [Participant 8]

This, not so nice fitting, glove led to the existence of what is in the music industry often referred to as the “black box” of music copyright (Robinson, 2023). The black box is an ‘umbrella’ term used with different meanings. The most used definition is that these are unclaimed royalties collected by the CMOs. CMOs have collected the money but do not know who to give the collected money to. The reasons for the existence of such black boxes vary; from makers and publishers not registering their work, to labels releasing and reproducing the songs digitally without reporting the rightful owners, and to unmatched databases or music users not correctly reporting the use of music (Music Business Worldwide, 2018). Also, the abovementioned digital data exchange between CMOs in different countries is a major reason for their existence. In the words of the board member of Buma/Stemra :

“The black box within the copyright world means the following: money comes in and it is not clear how it is distributed. The black box is actually more of a collective name for various problems within the music copyright industry.” [Participant 4]

And further a different CMO-representative and a publisher respectively:

“That black box is of course glued to everything they don’t see...” [Participant 2]

“Utopia is that all data is correct and that there is greater transparency and that you can simply have a conversation about quantity in the calculation models themselves, because the rest is correct, but the rest is often incorrect.” [Participant 8]

According to the perceptions of interviewed experts, the advent of digitalization in the music industry has amplified the complexity of the existing copyright system in the Netherlands, particularly given the continued use of ‘legacy’ software for copyright enforcement. They reminisced that during the era when music publishing was solely based on sheet music exploitation, the system was straightforward and relatively manageable. However, one composer perceives that the modern, music industry in the digital context has evolved

into a far more complex and intricate system, with a significantly increased number of stakeholders in the music “ecosystem”:

“Enforcement and legislation lag behind technological developments, so once a law has been passed, after three years or so, the technology has already been developed in such a way that you can start working on a new law right away.” [Participant 5]

According to an expert who has a double role of both a composer and a publisher, it has become almost impossible for Buma/Stemra to collect and process all of the available data in order to collect and distribute the copyright money efficiently to the rightsholders:

“Buma / Stemra has to deal with hundreds of thousands of parties. That can often go wrong so in itself that is inherent to the system and there is nothing wrong with that. If your song is played on many thousands of TV and internet channels you cannot expect that everything will go smoothly. For authors, if you want to get what you are entitled to, you have to be on top of it.” [Participant 1]

And according to the interviewed manager of Buma/Stemra , the challenges are structural:

“We are still working with what is then called a monolithic system, so one large system that contains everything and that will at some point have reached the end of its life. Then you have to look for something new and a project has now started, which will of course take a few years before it is finished and rolled out, a new IT environment is developed and rolled out.” [Participant 2]

Table 4 summarizes the most important themes and synthesizes the insights based on findings outlined in this section.

<i>Theme</i>	<i>Participant Quote</i>	<i>Insight</i>
<i>Standardization Challenges</i>	"The current music industry is complex and non-standardized, making it challenging to get a full picture of what is happening." - Participant 7	Highlights the complexity and lack of standardization in the music industry, affecting the clarity of operations and royalty payments.
<i>IT Challenges</i>	"A lot of that software is written by people so there are a lot of mistakes in it." - Participant 1	Emphasizes the ongoing challenges with software errors in the digital age, impacting the accuracy of systems.
<i>Copyright Ownership Uncertainty</i>	"The fact is that you do not know what happens to your copyright and that the person who uses your copyright is actually not in breach at all." - Participant 3	Discusses the uncertainty surrounding copyright ownership and usage.
<i>Complexity of Distribution System</i>	"They (Buma/Stemra) work with their systems that have to connect properly in one way or another." - Participant 8	Points out the complicated nature of the system used for distributing royalties.
<i>Black Box Issue</i>	"The black box within the copyright world means the following: money comes in and it is not clear how it is distributed." - Participant 4	Identifies the issue of unclaimed royalties, Orphan works or as stated by the interviewed experts, the "black box" in the industry.
<i>Digitalization and System Complexity</i>	"Enforcement and legislation lag behind technological developments..." - Participant 5	Reflects on how digitalization has increased the complexity of the copyright system.
<i>Data Collection Challenges</i>	"Buma / Stemra has to deal with hundreds of thousands of parties. That can often go wrong..." - Participant 1	Indicates the difficulties Buma/Stemra faces in collecting and processing data from numerous parties.
<i>Structural Challenges in IT</i>	"We are still working with what is then called a monolithic system..." - Participant 2	Highlights the structural challenges in the existing IT system of Buma/Stemra.

Table 4: Synthesis and themes from the interviews

4.3. Music copyright holders and their interactions. The publishers are generally responsible for the exploitation and administration of created musical works. Also, so-called ‘sub-publishing’ contracts may exist amongst publishers: a sub-publisher acts on behalf of the original publisher of a musical work in a specific country or territory and earns a percentage of the money earned during the period of contract. Their tasks are to collect royalties, monitor copyrights, exploit usage for licensing, and in some cases promote the music they signed to represent (NMUV, 2023). The Dutch publishers often cooperate with local sub-publishers. This extra layer in the value chain adds complexity to the collection and distribution of copyright money. The board member of Buma/Stemra and a composer stated that:

“Because the music used in Germany is actually collected by the German. . . by the GEMA – the German equivalent of BUMA/STEMRA – that is then paid out to the, uh, German publisher there who keeps a part and then they return the remaining part to the Dutch publisher, who keeps a part in and that way there is just less left for you, euh yes, for yourself as an author.”

[Participant 4]

Composers write the music for a song or an instrumental track. Lyricists write the words that make up a song. A lyricist can work with a composer to add words to a song or a composition and a composer can create a melody to go with words (Legrand, 2022).

When a musical work is created, the role and moral obligation of the creators and the publishers is to register their work with the CMO. According to the part of the website of the CMO for the creators (BUMA/STEMRA, 2023c):

“Becoming a member is very simple. You fill out your information, sign your contract (online!), and pay for your membership. Then you can register your music with us. We’ll do the rest!”

While a musical work may be registered accurately, the subsequent process of monitoring its use presents challenges. As described by a composer:

“Imagine you write a song, you don’t have a recording and someone else is performing it. What then happens is that you have to trust that there is always someone sitting there who writes down the title and the authors neatly and that that is copied well at BUMA/STEMRA, so that will be a bit of manual work. Nowadays there is also a lot of automation in it, but there is more margin of error in it.” [Participant 1]

This highlights the separation between the initial registration and the ongoing monitoring, each with its distinct complexities. There is a prevailing perception, as personally experienced by some experts, that composers and lyricists are not adept at handling administrative tasks, as articulated by a composer:

“It’s not all super difficult either, but there is certainly that it is complicated as a maker to keep track of it all to register on time, which is just inherent to creatives. That it is not their strongest game.” [Participant 7]

Registering a song for mechanical rights, where Stemra is responsible, is only relevant when a song or a composition is recorded by performers or artists and released (distributed) by, for example, a record label and reproduced on content carriers or digitally on, for example, Spotify or comparable online streaming services.

As depicted in Figure 1 and elaborated in Section 4.1, the key stakeholders in the Dutch music copyright system are music users, CMOs and rightsholders. This structure is not exclusive to the Netherlands but is prevalent globally. The interviewed experts acknowledge the intricate and dynamic nature of the relationships among creators, creators and publishers (rightsholders), and rightsholders and CMOs. The digitalization of the music industry has further amplified this complexity, leading to more intricate contracts between stakeholders that now encompass a broader scope than in the pre-digital era.

There are different kinds of agreements between publishers and creators and the publishing share of 33.33% can (partly) flow back to the creators, depending on the type of contract (Table 5). There are exceptions and customizations possible within these four standard types of agreements. Another dimension is added by Jenner (2011) he stated that these agreements are surrounded by mystery and protected by NDAs:

“The purpose of copyright is to provide a reward for the creators of work which is to be paid by those that use that work. The major companies in the music industry behave as though the creator’s work primarily belonged to themselves and they are making the deals that are surrounded with mystery and protected from prying eyes by non-disclosure agreements (NDAs)”

Through the analysis of several publishing contracts provided by participants 7, 12, 13, and 14, and insights from the interviews, document analysis, and literature, we determined four potential contractual arrangements between music creators (composers and lyricists)

and publishers (Table 5).

Contract type	Description
<i>Song / Title Agreement</i>	A single song publishing contract is an arrangement where the composer gives the music publisher specific rights for one or more songs. In this type of agreement, the composer usually gets a recoupable advance paid once.
<i>Exclusive Songwriter Agreement</i>	In an Exclusive Songwriter Agreement (ESWA), also known as a "staff writer" contract, the songwriter agrees to give the publisher's portion of income entirely to the music publisher. The agreement stipulates that the songwriter will work exclusively for the music publisher for a set period. Any musical compositions created during this period become the property of the music publisher. These types of contracts are typically offered to songwriters who have reached a certain level of commercial success.
<i>Co-publishing Agreement</i>	In this agreement, the songwriter and the music publisher collaborate as joint copyright holders of the musical compositions. Essentially, the songwriter takes on the role of a co-publisher, sharing ownership rights with the music publisher. Royalties are then distributed between them according to a pre-established, mutually agreed-upon division.
<i>Administration Agreement</i>	In this type of music publishing contract, the music publisher manages the copyrights on behalf of another publisher or copyright owner. This arrangement, often favored by copyright owners seeking professional management without transferring ownership, involves the music publisher typically receiving 10-20% of the gross royalties accrued from administering the songs over a specified period and within a certain territory.

Table 5: Four contract types between creators and publishers

According to a composer who now owns his own publishing company:

“I worked with a publisher. I worked with them from 2013 to 2018. I felt that they were not doing enough and that they were not active enough with my music to justify getting such a share in my music.” [Participant 5]

An information asymmetry exists when comparing creators (composers and lyricists) with publishers. This was highlighted by a lobbyist from BumaStemra, who worked with the Dutch and EU Parliament on the recent EU copyright legislation in 2018 and 2019. The CMO lobbyist stated:

“In the relationship between publishers and creators, you have this phenomenon that a good creator maybe once a year makes a deal with uh, with someone uh, uh, or maybe once in a lifetime or once every five years and a publisher makes twenty appointments a day, of course, so who has more experience in those publishing deals, well I can tell you that.” [Participant 6]

There is also a regulation that creators and (their) publishers can only access their part of the Buma/Stemra portal according to a composer:

“My publisher arranges that, you always hear, but a publisher cannot look at your writer account at Buma Stemra. They can’t get in there at all, they can only see the publisher share.” [Participant 7]

The diversity in firm size and function, as mentioned by Participants 6 and 7, results in varying stakeholder perceptions and attitudes, thereby illustrating the divergence of interests.

The study also shows a difference between two groups of rightsholders in the music industry. Major publishers seem well-organized and more unified in their negotiations with DSPs and CMOs, while creators and independent (smaller) publishers are not. They have different interests and access to information. Also among creators there are differences. The CMO Lobbyist and CMO representative said that creators do not always agree with each other because of their different income sources:

“The second thing that creates in-transparency is the fact that um, we are an organization of our members, that there are far too many people on our boards who have a direct interest in the distribution of the money.” [Participant 6]

“So, it remains a difference... multimedia composers and pop music composers are the largest party of the composers within Buma Stemra and they do not always agree with each other.” [Participant 4]

In the view of some participants, consistent with the principles of transaction cost economics, the information asymmetry has been potentially exploited by those agents who possess superior access to information and more advanced IT systems. This perspective was articulated by a composer and CMO representative respectively:

“You have certain rights like for example home copy and that is paid out directly to publishers and it’s not really allocated to artists so that, so uh, so that, so the moment you have your own publishing then you do have, you just have slightly more income than if you had a kickback of fifty percent or one hundred percent because you don’t allocate that either, like home copy,

you just get that and publishers don't pay for that, publishers don't pass it on to the songwriters they work with. No because, of course I understand that because that, that, that is money allocated to the certain erm, songs but yes erm, if you look at it very straight you could also say they would, they would that, that kind of money they should actually divide pro rata among all songwriters of these works or something." [Participant 5]

"There are plenty of examples of music, uh, authors who have lost a lot of money because their ignorance has been abused" [Participant 4]

Nearly all participants interviewed concurred that there is no intentional misuse or abuse of the system. Instead, they suggest that each stakeholder advocates for their own interests, guided by their individual roles, values, preferences, and norms.

"Most people don't abuse the system. Most people just have rights, they just want to take care of it – publishers too – they just want to make sure you get your money but there's a lot of stupid tendency in that music industry with crazy contracts, with crazy mirrors and beads." [Participant 1]

Table 6 below shows how different stakeholders in the music industry are affected by various challenges and how their roles and quotes relate to institutional theory constructs.

Stakeholder	Role/Challenge	Expert Quote	ECM Constructs
Publishers	Exploitation and Administration	"The publishers are generally responsible for the exploitation and administration of created musical works."	Reflects the 'Principal-Agent Relationship'
Composers and Lyricists	Registration Challenges	"It's complicated as a maker to keep track of it all to register on time..."	Highlights 'Bounded Rationality'
CMOs (e.g., Buma/Stemra)	Digitalization Complexity	"Digitalization of the music industry has further amplified this complexity..."	Demonstrates challenges in 'Transaction Costs' and 'Digitalization'
Contractual Disparities	Information Asymmetry	"In the relationship between publishers and creators, you have this phenomenon..."	Illustrates 'Asymmetric Information' and 'Governance Structures'

Table 6: Stakeholder Roles, Challenges, and Expert Quotes Related to ECM Constructs

5. CONCLUSIONS

This qualitative study had two objectives. The first was to explore the current system of collective management of music copyrights in the Netherlands in the digital context. By analyzing public and non-public documents we examined the key features and challenges of the Dutch music rights system, such as its legal framework, institutions, and practices, and identified its key stakeholders and their relations. The second objective was to explore the perceptions of the direct and indirect key stakeholders of the Dutch system of collective management of music copyright in the context of digitalization. For this 24 qualitative interviews with a sample of 20 of those key stakeholders were conducted. The aim was to gain a better understanding of the rights holders' perspectives and the system's functioning, and to provide insights on how to encourage and support successful adaptation the system to the future, including technological changes and challenges.

The findings, presented in section 4, answer the research questions:

- (1) What are the key features and challenges of the Dutch collective management of music copyrights system, including its legal framework, institutions, and practices?
- (2) What are the key characteristics of the key stakeholders within the system of collective management of music copyrights in the Netherlands and what are their interrelationships?
- (3) What is the key stakeholders perception of the Dutch system of collective management of music copyright in the context of digitalization?

This research presents multiple theoretical contributions. Primarily, it enhances the existing body of knowledge on the economics of collective management. In alignment with the observations of Bulayenko et al. (2021) and Priest (2021), our study corroborates that technological innovations have profoundly altered the production, dissemination, and consumption of music, thereby posing significant challenges to the collective management of music copyright within the digital landscape.

Although research on the collective management of music copyrights is deeply embedded in ECM literature, there is a notable scarcity of qualitative empirical studies examining

the key features and challenges of the collective management of music copyrights system in the digital context from perspective of rights holders. Bulayenko et al. (2021) conducted a comprehensive legal and economic analysis focusing on the exploration of national collective licensing mechanisms with input from national experts, CMOs, and competent authorities. Kefalas (2017) critically assessed the role of traditional CMOs in the digital era, examining issues from blanket licensing practices and market monopolies to digital content management and CMO adaptation challenges. Yakubova (2022) provided a comprehensive overview of the evolution, current dynamics, and challenges facing CMOs in copyright and related rights globally, from their 18th-century inception to modern technological impacts. Yet, this is an understudied area of research. Our study provides a steppingstone to examine this further and to truly try to understand the rights holders further. This includes its legal framework, institutions, and practices and rights holders' perceptions of how technological innovations have transformed the music copyright industry.

Second, our study aligns with the findings of Watt (2016), Bellido and Macmillan (2016), and Yakubova (2022), who all emphasize the pivotal role of transaction costs in the ECM literature, with a particular focus on the concept of incomplete information. Some studies acknowledge the presence of various firms with distinct sizes and functions, as well as variations in the perceptions and attitudes of stakeholders (Sganga, 2018; Watt, 2016). Sganga's study (2018) emphasized the role of property rights in enhancing certainty and reducing information asymmetry between creators and users and explored the legislative provisions governing exceptions and limitations in copyright law. Our empirical findings substantiate the need for increased scrutiny of information asymmetries and the non-economic values of rights holders within this context. For instance, the insights into issues related to access to information and the utilization of creators' works on digital streaming platforms (DSP) without comprehensive data insights or adequate access to usage data provides a broader and a more comprehensive analysis of the multifaceted challenges and opportunities within the ECM landscape. Therefore, we highly recommend further systematic identification and operationalization of these values.

Third, this study complements (formal-)theoretical work and quantitative empirics in copyright economics by, according to Merriam and Tisdell (2015) elucidating the intricate social interactions of stakeholders of the music copyright system. Although several studies within ECM literature discuss rights holders (Band and Butler, 2013; Handke, 2014; Watt, 2016;) to our best knowledge, there is no recent study exploring the characteristics of rights holders and the dynamics of their interrelationships in the digital context. The qualitative methods employed in our study, including iterative qualitative data collection, and analysis of non-public documents like statements of Buma/Stemra and personal contracts between publishers and creators, are unconventional in economics.

This study, while providing valuable insights into the collective management of music copyrights, is not without its limitations. One of the primary constraints is the reliance on qualitative data, primarily from a document analysis and interviews with a select group of participants. While these interviews offered in-depth perspectives, they may not fully represent the diverse views and experiences of all stakeholders in the music copyright ecosystem. Consequently, the findings might not be entirely generalizable to other contexts or populations.

Another limitation is the potential for interviewer bias and subjective interpretation of the data. Despite efforts to maintain objectivity, the analysis of qualitative data inherently involves a degree of interpretation, which could introduce bias. To mitigate this, we employed rigorous coding procedures and sought peer review of the data analysis process.

Moreover, the study focused primarily on the Dutch music copyright system, which, while providing a detailed case study, may limit the applicability of the findings to other geographical or cultural contexts. Different countries may have distinct legal, economic, and technological environments that influence the collective management of music copyrights.

To overcome these limitations and enhance the robustness of future research, we recommend a more diverse and extensive sampling strategy that includes a wider range of

stakeholders from different regions and sectors of the music industry. Additionally, incorporating quantitative or mixed methods alongside qualitative analysis could provide a more comprehensive understanding of the issues.

Furthermore, qualitative research, such as in-depth interviews with stakeholders, can offer valuable perspectives on the operational challenges and opportunities within the digital music industry. Such studies can inform policy interventions, aiming to enhance transparency, streamline administrative processes, and foster a conducive environment for cooperation among CMOs.

Despite its limitations, this study contributes to the exploration and innovation in the field of collective management of music copyright. It has important implications for policymakers, industry stakeholders, and researchers. It highlights the need for a more agile and responsive approach to the system of collective management of music copyright, one that can keep pace with technological changes and address the evolving needs of creators, rights holders, and users. It also suggests areas for future research, such as a systematic analysis of key stakeholders' economic and non-economic values, which can inform the design of an equitable system that reflects the shared values of the music community.

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Appendices

Appendix 1: Selection Criteria

Participant Group	Selection Criteria
Composers and Lyricists	1) At least five songs released in the last 4 years in the Netherlands or Internationally
	2) Registered members of Buma/Stemra (Dutch CMO)
	3) Own a publishing company or represented by a registered publisher in the Netherlands or elsewhere
Music Publishers	1) Represent a relevant repertoire of professional authors
	2) Professionally active in the copyright music industry for at least 10 years
CMO Experts	1) Management position within the organization or board
	2) At least 10 years of relevant work experience
Music Copyright Lawyers	1) At least 5 years of relevant work experience
	2) Representing Dutch rightsholders
	3) Meets the general criteria
General Criteria	1) Willingness and ability to commit the time required for the interview; 2) Situated in the Netherlands; 3) Willing to consent to the interviews being recorded or transcribed, and respects confidentiality and anonymity; 4) Notably affected by the subject matter and likely to offer insightful or critical perspectives

Appendix 2: The Overview of Participants

Participant Number	Age Group	Education	Year of experience in the music industry	Role in the industry	Direct or Indirect	Duration Interview
1	40-49	Master	25	Artist/Composer	D	01:59:08
2	50-59	Bachelor	35	CMO	D	01:22:00
3	30-39	Bachelor	20	Publisher	D	01:08:40
4	40-49	Bachelor	20	CMO	D	01:24:13
5	30-39	Bachelor	20	Artist/Composer	D	00:53:46
6	50-59	Master	25	Lobbyist CMO	D	00:51:59
7	40-49	Bachelor	20	Artist/Composer	D	00:58:00
8	50-59	AD	30	Publisher	D	01:34:00
9	40-49	Master	25	Lawyer/publisher	D	01:22:36
10	30-39	Bachelor	15	Publisher of books	I	01:43:43
11	30-39	Bachelor	15	DSP	I	01:23:25
12	40-49	Bachelor	25	Artist/Composer	D	00:51:00
13	40-49	Bachelor	20	Artist/Composer	D	00:47:02
14	20-29	AD	10	Artist/Composer	D	01:04:46
15	30-39	Bachelor	20	Publisher	D	00:58:56
16	50-59	Bachelor	30	Publisher	D	00:45:46
17	40-49	Master	25	Syncs / Publisher / Composer	D	00:35:41
18	30-39	Master	10	Music Rights Lawyer	I	01:21:05
19	50-59	Master	25	Lobbyist	D	02:02:35
20	50-59	Bachelor	30	Media/Publishing/Management	D	01:18:47
21	30-40	Bachelor	10	Publisher	D	01:08:14
22	40-49	Master	25	Artist/Composer	D	01:41:43
23	30-39	Master	15	Music Rights Lawyer	I	01:22:35
24	40-49	Master	25	Syncs / Publisher / Composer	D	01:10:15

Appendix 3: Interview Protocol

<i>Section</i>	<i>Question</i>	<i>Purpose</i>
<i>Introduction</i>	<ol style="list-style-type: none"> 1. Greet the interviewee and introduce yourself and your research team. 2. Briefly explain the purpose of the research and the role of the interview in this study. 3. Assure confidentiality and anonymity of the responses. 4. Obtain consent for recording the interview, if applicable. 	<ol style="list-style-type: none"> 1. To establish rapport and trust with the interviewee. 2. To inform the interviewee about the research context and objectives. 3. To address any ethical concerns and ensure informed consent. 4. To comply with ethical standards and data quality.
<i>Background Information</i>	Start with general questions to gather background information about the interviewee (e.g., role in the music industry, years of experience).	To understand the interviewee's profile and position in the music industry.
<i>Knowledge and Experience</i>	<ol style="list-style-type: none"> 1. Ask about their direct experiences with the Dutch music copyright system. 2. Explore their perspective on the complexities and challenges in this system. 	<ol style="list-style-type: none"> 1. To explore their perspective on the complexities and challenges in this system. 2. To identify any pain points or gaps in the current system.
<i>Digital Transformation Impact</i>	<ol style="list-style-type: none"> 1. Inquire how digital transformation has impacted their role and the broader system. 2. Discuss any challenges or opportunities they perceive due to technological advancements. 	<ol style="list-style-type: none"> 1. To understand how technological advancements have changed the music industry. 2. To assess the benefits and drawbacks of digital transformation for different stakeholders.
<i>Stakeholder Perspectives</i>	<ol style="list-style-type: none"> 1. Probe into their views on how different stakeholders (e.g., artists, publishers, CMOs) are affected by the current system. 2. Explore any perceived inequities or areas for improvement. 	<ol style="list-style-type: none"> 1. To explore any perceived inequities or areas for improvement. 2. To identify any potential solutions or recommendations for the current system.
<i>Collective Management and CMOs</i>	<ol style="list-style-type: none"> 1. Discuss their experiences and views on the role and effectiveness of Collective Management Organizations. 2. Encourage sharing insights on how CMOs can adapt to the digital age. 	<ol style="list-style-type: none"> 1. To evaluate the performance and relevance of CMOs in the digital age. 2. To elicit suggestions for improving the collective management of music rights.
<i>Recommendations and Future Outlook</i>	<ol style="list-style-type: none"> 1. Ask for their suggestions on improving the music copyright system. 2. Explore their vision for the future of this system in The Netherlands. 	<ol style="list-style-type: none"> 1. To gather feedback and ideas for enhancing the system. 2. To understand their expectations and aspirations for the system.
<i>Closing</i>	<ol style="list-style-type: none"> 1. Allow room for any additional comments or insights they wish to share. 2. Thank them for their participation and provide information on how to access the study results. 	<ol style="list-style-type: none"> 1. To ensure the interviewee has expressed everything they wanted to say. 2. To conclude the interview on a positive note and maintain transparency.
<i>Post-Interview Notes</i>	After the interview, jot down any observations, non-verbal cues, and personal reflections that could inform the data analysis.	To capture any relevant information that was not recorded or transcribed.

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