How Do Information Asymmetry, Investment Decision-Making, and Psychological Biases Contribute to the Creation of Superstars in the Creative Industries?

Jay Arora

Pathways School, Noida

DOI: https://doi.org/10.51244/IJRSI.2026.1310000231

Received: 24 October 2026; Accepted: 29 October 2026; Published: 17 November 2026

ABSTRACT

This study investigates the structural and psychological mechanisms driving the creation of superstar economies within the creative industries, challenging the traditional assumption that talent acts as the primary determinant of success. By synthesizing theoretical frameworks of behavioral economics with qualitative data gathered from semi-structured interviews with ten industry professionals and artists, the research demonstrates that talent serves merely as a baseline prerequisite for entry. Instead, extreme disparities in income and recognition are primarily fueled by three overlapping factors: information asymmetry, psychological biases, and risk-averse investment decision-making. The findings reveal that hiring firms rely on cognitive heuristics—such as representativeness and the law of small numbers—to navigate the uncertainty of evaluating art as an "experience good." Furthermore, adverse selection and moral hazard empower established firms to exploit informational advantages, while staged financing and network capital heavily skew resource allocation toward pre-established artists. Ultimately, these market frictions trigger informational cascades and the Matthew Effect, creating a cumulative advantage cycle that systematically suppresses mid-level creators and funnels disproportionate wealth to a small elite. This paper highlights the need to re-evaluate talent discovery processes and acknowledges the profound impact of market inefficiencies on artistic success.

Keywords: superstar economy, information asymmetry, cognitive biases, creative industries, talent discovery, Matthew Effect, investment decision-making, behavioral economics

INTRODUCTION

From its early development as a defined economic sector, the creative industry has since experienced sustained growth and has become an increasingly important contributor to the global economy. This field is ever expansive with new forms of art, music, and overall self-expression coming about more rapidly than ever. The names of stars and professionals that we hear are a result of the talent selection authorities in place which identify individuals with potential to achieve future success within a particular creative field. However, despite the large pool of talent that is available, there exists a disparity in income, employment, and recognition in this field. A trend that is becoming more visible day by day is that small groups of people hold disproportionately large shares of income, attention, market demand, and rewards in the market. This phenomenon has been coined as the creation of a superstar economy.

This phenomenon is crucial to understand because it highlights a truth about the creative industry we fail to recognise, the talent-based sector is gaining traction on metrics which have no relation to talent at all. After interviewing hiring professionals, artists, budding artists and reading acclaimed research papers, articles, and more, I found that talent discovery is being driven by information asymmetry, psychological biases, and investment decision-making much more than simply talent which explains why so many, extremely talented and unique individuals fail to gain any limelight in the creative sector.

Understanding the relationship between these concepts first requires consideration of what each represents within the broader context of superstar economies.

Information asymmetry refers to a situation where buyers and sellers do not have equal access to information[1]. In some cases, buyers may have more information about the products they are selling than consumers do, and in others, consumers possess more information but the impact of both is the same, market failure. Withholding

information can distort decision making causing the market to either over or under allocate the good based on which party has more information. This concept is extremely prevalent in the creative sector where sellers know more than buyers. Hiring firms (buyers), cannot know about the ability of the artists (sellers), beforehand, such as about their talent, limitations, work ethic and more. As a result, knowing that complete information is not accessible to them and fearing that the artist's ability is lower than presented, there is an underinvestment or under provision of opportunities for artists.

Fearing the artist may not deliver is a form of risk aversion, a kind of investment decision making which also play a large role in the creation of superstar economies. Investment decision making is the process of selecting projects or assets based on expected returns and risks (Brealey, Myres and Allen, Principles of Corporate Finance). The selection process of new talents in the creative industry is one with high risks and high rewards. For example, in the film industry, producers and directors are in a great state or uncertainty investing in new talents because the chance of failure is higher with inexperienced actors. As a result, a common trait investor have is risk aversion in decision making, which in the creative industry translates to heavier investment in known stars that upcoming ones. The effect of such decision making is so great that even smaller prior recognition can lead to greater preference in the job market than for an inexperienced actor. A study conducted by Jensen, Michael and Kim, Heeyon (2020) found that early endorsement by prominent cultural industry insiders increased the likelihood of career advancement.

These thinking patterns in decision making allow us to smoothly venture into a related, and pivotal topic in superstar economies, psychological biases. Psychological biases are cognitive limitations that affect objectivity and decision making by influencing people's perceptions and interpretations of information. They are typically shaped by personal experiences, cultural backgrounds, and preferences and at as heuristics or mental shortcuts used for the purpose of minimizing cognitive effort. Since information is incomplete, hiring agencies often rely on heuristics to avoid the effort of procuring more information. For example, one of the biases talked about in my paper is the availability heuristic which can cause investors in creative industry to favour artists to favour artist with recent hits as they are easier to recall, potentially overlooking equally talented new artists.

These phenomena have a compounding effect and often work simultaneously, driving investors away from true talent discovery.

Seeing this stark anomaly, research in this field is vast. My general findings were that the study of superstardom began in 1981 by Sherwin Rosen who noted that "relatively small numbers of people earn enormous amounts of money and seem to dominate the fields in which they engage." While he argued that this was due to "imperfect substitution"- a process by which slightly better talent can garner the whole market- the modern study of this phenomenon highlights fundamental structural friction: the "nobody knows" rule. According to this rule, the "success of a project is hardly predictable," because art is an "experience good" meaning its true worth is unknown till post consumption. This makes talent discovery turn into a high-risk investment process rather than a rational search for the "best," which is why we often see firms relying on cognitive heuristics and strategically managing information.

Transitioning from a general overview, research also provided me an in-depth view into each of the key mechanisms underlying talent discovery that I have explained.

Firstly, information asymmetry is the key process behind the creation of superstars in the creative industry. Research has identified a "job ladder" in which different types of firms carry out different functions in the process of talent discovery. Smaller or lesser productive firms take the risk of hiring the unknown, "young" talent which, while does have its risk, has the chance of giving higher returns to them as well. In case that these investments turn out to succeed, larger firms attempt to poach this talent. While this seems like a complete cycle with new talent flowing into the industry, poaching is often adverse. The original employers

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue X October 2026

are the holders of information regarding the artist and if the artist is an asset, they will not be willing to let go to larger firms. As a result, poaching firms are in a position of uncertainty. They become aware that if a worker is available for hire, their previous employer did not see much potential in them, but the original firm may have given up a talented artist too, there is no way for poaching firms to know this. This makes investing in new talent a "lemon" risk, driving firms to re-invest in the talent they already know.

Moving forward, while evaluating new talent, research shows that decisions are often distorted by heuristics which cause "severe systematic errors." The foundational categories of biases come under the representativeness, availability, and anchoring and adjustment (Tversky and Kahneman 1974). Representativeness is the most prominent heuristic and is used to judge the probability of an event or category of an object based on how much it resembles a specific class or process. In the creative industry, representativeness takes three forms, stereotyping, insensitivity to sample size, and the illusion of validity. In stereotyping, firms judge the success of an artist based on how well they fit a stereotype the selector has of a previous star, leading to biased investments. Insensitivity to sample size is a bias in which firms believe that a small sample is highly representative of long-term talent. This explains how "one-hit wonders" are created where firms put too much faith in the results of a single hit or a sample size that is too little. Lastly, the illusion of validity is the unwarranted confidence that gets created due to seeing prior success and matching stereotypes making firms ignore reality and make biased investment decisions.

Anchoring is the process by which we put a disproportionate amount of stress on a single piece of information and base subsequent decisions from that anchor. Research states that, "different starting points yield different estimates, which are biased towards initial values." This explains why the initial valuation of an artis can act as a permanent anchor for their career.

Lastly, availability is based on the heuristic of popularity where firms use "heuristic cues" like fame because such information is "readily available" and use it to make hiring decisions. Another aspect of the availability heuristic is the informational cascade where famous artist's names can be easily recalled which makes them appear more successful than they are, triggering the heard behaviour that creates superstars.

The final phenomenon that was discussed in papers was behavioural finance and investment decisions. In the creative sector, talent is not found through objective data, rather, through "observational learning" where in investors replicate the steps taken by others to reduce their own uncertainty. These leads to certain investment decision making patters such as informational cascades as explained earlier, using popularity as a proxy for quality, research states that "historical auction performance... is significantly more influential in determining the artist’s success than the quality of her work" simply because popularity metrics are easily available, and self-reinforcing success, which is a form of herd behaviour where following a "star" is seen as social prestige, which makes "known" talent seem like a safer financial and social investment.

Research states that, "top 10% of artists account for roughly 80% of total auction volume"

As stated earlier, research in this topic is vast, however a consistent gap is visible which is the split between internal discovery and external herding. Internal discovery is how a specific firm learns about a worker's talent through performance whereas external herding focuses on the entire markets behaviour with firms interacting with each other. Currently, research is split into two these two silos.

Therefore, my study aims to investigate how informational asymmetry, psychological biases, and investment decision making interact in the individual firm and in the hiring market of the creative sector to create superstar economies.

Data Collection

To thoroughly investigate the mechanisms of talent discovery and the creation of superstars, a qualitative research methodology was employed. Primary data was collected through semi-structured interviews designed to capture the lived experiences of individuals actively navigating or evaluating talent within the creative industry.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue X October 2026

A purposive sample of 10 individuals was selected for this study, comprising 6 males and 4 females. The sample included a mix of hiring professionals (such as casting directors and producers) and artists at various stages of their careers (both established and budding). This diversity in perspective was crucial for understanding the market from both the buyer's (firm/investor) and seller's (artist) points of view.

The interviews were conducted using a pre-designed protocol consisting of 5 main questions and 5 probing questions. The main questions were formulated to establish a baseline understanding of the participant's background and their general views on talent versus success. The probing questions were specifically tailored to elicit deeper responses regarding their experiences with information asymmetry (e.g., contract negotiations, lack of transparency), cognitive heuristics (e.g., stereotyping during auditions), and investment decision-making (e.g., witnessing preference given to networked individuals).

Interviews were recorded, transcribed, and analyzed thematically to identify recurring patterns aligning with the theoretical frameworks of bounded rationality,

DISCUSSION

The findings of this research heavily suggest that the traditional notion of talent equating to success in the creative industry is fundamentally flawed. When examining the interplay of information asymmetry, psychological biases, and investment decision-making, a distinct ecosystem emerges, one where talent is merely a baseline prerequisite, and market friction dictates the ultimate winners.

The primary data collected through interviews corroborated the theoretical frameworks proposed by researchers like Caves (2000) and Menger (2014). Participants actively expressed that without network capital or an initial spark of popularity, immense talent often stagnates. Because art is an "experience good," firms are forced into a state of bounded rationality. Unable to objectively quantify a creative worker’s potential, buyers rely on heuristic evaluations (such as the representativeness bias and the law of small numbers) to mitigate their financial risk. This directly translates to stereotyping during auditions and casting, forcing artists to prioritize replicability over creative individuality to fit preconceived molds.

Furthermore, the mechanisms of information asymmetry, specifically adverse selection and moral hazard, create an environment where established firms purposefully leverage their superior market knowledge. Through structures like 360-degree contracts, firms manage to keep financial risk low while suppressing the earning potential of mid-level artists. This naturally diverts wealth and resources strictly to the top percentage of earners. When this is coupled with consumer-side informational cascades (where audiences follow the herd rather than judging artistic quality independently), the superstar economy is finalized. Small, arbitrary advantages early in an artist's career compound over time via the Matthew Effect, turning minor initial leads into massive, insurmountable monopolies.

Talent as a Baseline Prerequisite

"To be an actor means you have to act... talent is a given." This is what participant three from my interview stated and is a recurring idea across all the interviews I conducted. Talent is a must to enter the creative industry. However, research shows that it can only get you so far and the distinction between craftsmanship and stardom is rarely ever talent.

Sherwin Rosen (1981) posits that earnings directly mirror talent. His standard "superstar model" proposes that small differences in talent lead to extremely large differences in income because, "lesser talent is often a poor substitute of greater talent." Rosen's theory forms the traditional view of the labour market in the creative industry, but the real world showcases a much different reality. The work of Pierre-Michel Menger (2014) and Richard Caves explains that talent is an "experience good" governed by the "nobody knows rule" (Caves 2000) which states that talent's profitability is unpredictable before consumption. Hence, it cannot determine future success which condenses talent into an entry level requirement or a threshold that must be breached.

Beyond this point information asymmetry drives the success of an artist. It exists in two forms, adverse

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue X October 2026

selection, and moral hazard, both of which are observed in the creative industry.

Adverse selection refers to a situation where one party has more information about the quality of a good more than the other and explains why numerous talented individuals remain excluded from gaining attention. The creative industry reflects the case where the buyer, firms, record labels, and more, have lesser information than the sellers, the artists, about their commercial potential. Therefore, current employers know more about the talent of incumbent workers in comparison to competing employers (Ferreira & Nikolowa, 2022). From this fact, research has identified a "job ladder" in which different types of firms carry out different functions in the process of talent discovery. Smaller or lesser productive firms take the risk of hiring the unknown, "young" talent which, while does have its risk, has the chance of giving higher returns to them as well. In case that these investments turn out to succeed, larger firms attempt to poach this talent. The original employers are the holders of information regarding the artist and if the artist is an asset, they will not be willing to let go to larger firms. As a result, poaching firms are in a position of uncertainty. Since firms look act artists as "financial incentives" rather than craftspeople, as stated by participant one, competing firms become aware that if a worker is available for hire, their previous employer did not see much potential in them, but the original firm may have given up a talented artist too, there is no way for poaching firms to know this. This makes investing in new talent a "lemon" risk, driving firms to re-invest in the talent they already know.

However, adverse selection reflects only half of the information asymmetry in the labour market. Firms also showcase a form of informational asymmetry known as moral hazard which occurs when one party whose actions or private information are unobservable to the other has an incentive to engage in opportunistic behaviour or reduce their effort because they do not bear the full financial consequences or risks of their actions (Grossman & Hart; Holmström 1979).

This informational friction exists in the contracts that artists sign with firms and are what can prevent the translation of talent into equitable financial rewards. When a contract is signed, "the label keeps the books" (Caves 2000) which means that all information about the artist's sales, streaming data, and distribution are exclusive only to the hiring firm. This exclusivity gives rise to a moral hazard in the market. The effects of this issue are seen mostly in the music industry where labels provide "360-degree deals," a contract where in the label takes a portion of the artist's album sales, revenues, and merchandise and promises to use this money to reinvest in the artist. However, with their ability to withhold information, labels are incentivised to collect guaranteed cuts while falling short on promotion or to keep artists in recoupable debt using accounting deductions.

This moral hazard creates the visible income gap between the large majority of upcoming artists and well-established ones because firms suppress the bottom and middle sections of the labour market using recoupment charges, constantly siphoning profits which slowly destroys the entire "middle class" of artistic earners. Moreover, this act becomes a viscous cycle that up-and-coming artists get trapped into because they lack the resources and the legal power to ensure transparency and perform audits, putting a cap to their growth. On the other hand, exploiting this moral hazard when working with bigger names can have major consequences on firms such as lawsuits or losing their investments to rivals. As a result, elite artists can not only achieve transparency and avoid informational gap, but with their greater likelihood of high returns, most firms with high fixed operational costs also begin redirecting their promotional capital away from incoming talent and put it towards superstars, reinforcing their position whilst widening the income gap in the industry.

Subjective Judgements & Evaluative Heuristics

In a market filled with uncertainty, firms have too many factors to consider when deciding. Moreover, if talent is reduced to merely a threshold, on what basis do artists get selected? Research in behavioural economics helps answer this question and shows that in such cases which subject us to heavy cognitive load, we rely on heuristics.

Heuristics are mental shortcuts which use cognitive biases to ease the decision-making process, and selectors in the creative industry are heavily subjected to this phenomenon.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue X October 2026

Classical economics suggests that all parties act rationally, and one of the assumptions of rationality is that decisions are made with perfect information. However, the work of Herbert Simon in behavioural economics challenges this theory and proposes the more tangible idea of bounded rationality. According to Simon, humans are rational only within limits and due to the limitations of our mind in processing large amounts of information, and the large costs that would be incurred in procuring perfect information, we are not always rational.

Therefore, while the rational firm would select the most skilled artist, biases and heuristics can strip talent of its importance. From the research that I carried out, the most prominent biases seen in the selection process are base-rate neglect and representativeness bias, the law of small numbers, and the illusion of validity.

Base rate neglect and the representativeness bias occurs when evaluators judge potential investments based on how well they fit a preconceived visual mold of a star or a stereotype rather than their capabilities in the field. The prevalence of this bias has been shown in the case of participant three in my interview who states that when competing for a role against a much more experienced, and 'talented' competitor, "I thought he'd get the role." However, upon receiving the role, he was told that it was due to his long hair. Participant three also goes on to say, "I guess I must have fitted his image of what he was wanting, irrespective of the talent."

These biases are interlinked and do not occur side by side. The illusion of validity if often what follows the representativeness bias. Once a candidate has been found who matches the stereotype the best, the illusion of reality describes the state of unshakeable confidence in the judgement of the selector. This often makes firms ignorant to other participants regardless of their talent because of their biased perspective. Tversky and Kahneman (1974) describe this feeling as "unwarranted confidence" that selectors gain whilst knowing that a two-minute audition is statistically insufficient to draw concrete conclusions about the most suitable artist.

These two biases have also shaped the way in which artists approach an audition. From the primary research I conducted, I found that talent has lost its individuality. One's adaptation and creative expression, especially in the case of acting, are not given as much value as replicability is. Knowing that selectors have a preconceived notion towards a character, artists spend more time and effort into shaping themselves into a character rather than showcasing their ability to bring out their artistic identity. Participant five states that to get her role in a play, she worked a lot in fitting the into the "cooky-cut mold" of her character to fit the image selectors had in mind, a significant aid in her way to getting a role.

Another very commonly explored heuristic by researchers is the law of small numbers. This is a bias in which selectors treat a single 2-minute audition as a valid representation of the entire population that is auditioning. According to Tversky and Kahneman (1974), selectors put "too much faith in the results of small samples and grossly overestimate the replicability of such results." This acts as a major barrier toward talent discovery because many capable individuals get overlooked because their performances have already been generalised into fit or unfit before they show up.

More than just talent, the law of small numbers also highlights how luck plays a larger role. In these short yet defining time windows, how one shows up is a major factor that comes into play. Acute performance anxiety, poor direction, or simply an off day can exert a disproportionate impact on not just the auditioning individual but the entire population at hand. Participant seven states that your luck on that day is often the biggest factor that can determine future success simply because selectors put a disproportionate amount of importance on an audition to avoid spending equal amounts of cognitive effort to each incoming participant.

Network Capital & Commercial Resource Allocation

It has become clear that equating a one-way relationship between talent and any outcome is difficult due to the many processes at play in talent discovery. Resource allocation in the creative industry is another factor that talent cannot influence. While the belief is that breadwinners among artists are those who are the most talented, firms do not and cannot assess one's talent. No metric exists for such a quantity and so selectors see artists only as financial investments under risk and all commercial resource allocation decisions are methods of reducing the risk of the firm's investment.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue X October 2026

All these decisions are built on an artist's network capital. Network capital refers to an artist's web of industry connections, institutional ties, and elite social circles. This capital is often used as a proxy for talent and governs all financial decisions made.

Instead of talent-based allocation, from my secondary research, I have found that firms carry out four kinds of allocation strategies, portfolio or option allocation, assortative matching, 360-degre integration, and staged financing and cascades. The way these allocation strategies work, they increase the inequality in the industry.

Portfolio or option allocation is a strategy employed by firms where they buy cheap options on fifty artists. This reduces the risk of their investments as they aren't too costly and covering multiple artists is useful because no one artists talent can be measured. However, this strategy silently increase inequality because it creates a two-tier market system. Real talent and skilled individuals are not given contracts because they would charge a premium price and those who are signed are kept in deals with low returns with many artists experiencing heavy underemployment. This keeps rising artists in a lower income bracket whereas elite artists with greater power can demand better contracts and premium prices allowing them to grow and sustain their wealth. Such contracts increase the division amongst income groups.

On the other hand, assortative matching is based more on network capital. In this allocation strategy, resources are not provided to incoming talent, instead it is distributed only to those who are privileged and have strong connections with the industry. This is Menger's Metthew Effect in action which states that "To those who have, more will be given." Here, talent is neglected completely, and such external factors are relied upon because they limit the risks of investing in new talent. Incoming artists who have no background in the industry are filtered out from the very beginning leaving very few spots for them when compared to those with network capital.

Lastly, staged financing cascades includes firms investing follow-on marketing only onto projects which show early signs of success. This heavy marketing that firms do majorly restructures the market as they artificially induce consumers to buy popular products. This allows corporate capital to amplify a small initial sign of popularity in an inescapable market trend. Sherwin Rosen (1981) explains that this feedback loop transforms small, network driven early leads, into a "winner-takes-all" monopoly. Furthermore, his work with Moshe Adler (1985) helps critique the inequality aspect of this allocation strategy as their research shows how modern media technologies allow a tiny corporate back elite to capture virtually the entire global consumer spending. This creates significant structural inequality as those less fortunate to show early signs of success fail to succeed. Moreover, staged financing, by converting early social proof into commercial dominance, squeezes out the middle class of artists systematically and shuts out alternative, un-networked artistic voices from the cultural marketspace.

Cumulative Advantage & Success Cycles

A statement that participant ten made during that interview was between "a star and an actor." Talent does not translate into stardom because a star not only has the skill, but many external factors at his or her deposable. In realty, the path to stardom is cyclical and is like a snowball effect where success compounds with time.

The cycle begins by an initial, relatively small initial advantage between competitors. In an industry which is highly concentrated among talented individuals, deciding the best pick is difficult. As a result, Pierre-Michel Menger (2014) revealed that a small initial advantages such as early popularity, getting and early opportunity, is highly visible and can act as the spark which sets of the career divergence in the industry. Mathew Salagnik, Peter Dodds, and Duncan Watts (2006) conducted an experiment which proved this idea to be true. They divided participants into two groups and gave both groups an artificial music market, one where the downloads of a song were hidden and one where they were visible.

The highest chosen song from the group with hidden downloads was considered to be better in quality and showcased intrinsic value. The other experimental group however showed how an initial increase in downloads of a song lead to greater downloads in the future as well because consumers prefer popular products, without taking quality or their preference in consideration. While this was the case, quality did have

some role to play as it set certain boundaries for the songs' performances with the best song rarely ever flopping and the worst songs rarely ever becoming hits regardless of their initial downloads.

Even so, this experiment highlights how the amount of talent that a person displays in their craft cannot guarantee traction in one's career. Moreover, this experiment reveals how feeble the relationship talent has with success. The most talented and disciplined artist can experience no growth while less talented individuals see spikes in their output often due trivial changes in their careers. This idea is evident in the real world as well where both participants two and three quote how the "streets of Mumbai are littered with talent going nowhere."

However, this initial advantage is only the first step of the cycle. The engine that drives the success cycle utilizes information cascades, bandwagon effects, and consumer herding.

Information cascades (Bikhchandani et al., 1992) is what leads to the widespread of the initial spark. Since the goods the creative industry offers are experience goods, it is difficult for consumers to identify which ones are preferable prior to making their purchase. As a result, consumers engage in observational learning to ease the decision-making process. Through observational learning, they ignore their own information and replicate the decisions of previous buyers instead. As a result, the initial spark that an artist experience can expand their horizons greatly as more consumers replicate each other's purchasing decisions.

Moreover, Axarmi and Menny also showcased that the historical performance of an artist strongly influenced the consumers demand much more than the artistic quality.

The bandwagon effect is what stabilizes the informational cascade observed in the market. Buyers derive more satisfaction when purchasing popular goods. As a result, the pool of an initially popular artist only expands and does so drastically, creating large gaps between individuals by putting them in extremes of highly successful and stagnated growth.

The strength of the bandwagon effect is also quoted by participant one who states that certain books are "overhyped because people want to promote them because they're jumping on the bandwagon" and because "so many people are doing it" the effect continues.

Lastly, this engine is further amplified by the Matthew Effect (Rober Merton, 1968; Menger 2014). Merton's concept is based on cumulative advantage, and he states that "To those who have, more will be given." The Matthew Effect describes how those with an initial advantage are more likely to attract better resources, prestigious exhibition spaces, and elite collaborations, allowing them to boost success. This increases inequality in the industry because it allocates more resources to those who are successful and allows them to grow which only segregates the labour force more. Participant three also illustrates that a megastar feedback loop can get created in the Bollywood industry where established stardom guarantees continuous capital investment, distribution, and media exposure regardless of performance variations.

CONCLUSION

Any form of stardom inherently requires talent. Navigating the vast and highly competitive creative industry is impossible if an individual lacks the raw materials required for artistic expression. However, the central finding of this research is that talent is not proportional to the level of stardom achieved; rather, it functions merely as an entry-level prerequisite. The progression from baseline talent to industry superstardom is governed by four distinct market frictions: information asymmetry, which creates severe valuation uncertainty; cognitive biases, which force selectors to rely on subjective heuristics; risk-averse financial decision-making, which structurally reinforces inequality; and the snowball effect of cumulative advantage. Together, these external forces dictate career trajectories far more heavily than intrinsic artistic ability, consistently funneling wealth and visibility toward a select elite while suppressing the broader labor force.

While this study provides a foundational understanding of the superstar economy, its findings must be contextualized within several methodological and theoretical limitations, which simultaneously present clear

avenues for future research. Primarily, the reliance on qualitative data collection via semi-structured interviews introduces significant constraints regarding generalizability. The sample was small, non-randomized, and susceptible to recall bias, as participants' reflections on their selection experiences and the role of talent are inherently subjective. To address these methodological limitations, future research must adopt a multi-methodological approach. Implementing large-scale, longitudinal quantitative surveys across diverse industry demographics would help empirically validate these findings, track the tangible impact of network capital, and mitigate the subjectivity of personal recall.

Furthermore, this study contains a distinct cultural bias, as the primary data and subsequent analyses were drawn from the perspective of a single nationality. The creative industry operates globally, yet the mechanisms of talent discovery may vary under different socio-economic conditions. Consequently, subsequent studies should prioritize cross-cultural comparative analyses. Investigating how different international markets approach talent evaluation could reveal whether the observed cognitive biases and informational asymmetries are universal human traits or culturally constructed industry standards.

Finally, this research faced theoretical limitations by treating the "creative industry" as a homogeneous economic entity and relying on foundational economic models, such as the information cascade models of Bikhchandani et al. (1992), which often assume a baseline of consumer rationality. In reality, the creative sector is highly fragmented, and as demonstrated by the prevalence of the bandwagon effect, consumers are frequently irrational. To resolve this, future research must dismantle the monolithic concept of the creative industry and conduct sector-specific studies. Isolating distinct fields, such as comparing algorithmic streaming platforms in the music industry against traditional gatekeepers in literature or fine arts, is essential. Developing tailored economic models that account for bounded consumer rationality within these specific sub-sectors will yield a more precise, modern understanding of how digital-age superstar economies operate.

REFERENCES

1. Adler, M. (1985). Stardom and talent. The American Economic Review, 75(1), 208-212.
2. Axarmi, M., & Menny, A. (Year). [Insert title of specific paper referenced] . [Insert Journal/Publisher].
3. Bikhchandani, S., Hirshleifer, D., & Welch, I. (1992). A theory of fads, fashion, custom, and cultural change as informational cascades. Journal of Political Economy, 100(5), 992-1026.
4. Brealey, R. A., Myers, S. C., & Allen, F. (2022). Principles of corporate finance (14th ed.). McGraw-Hill Education.
5. Caves, R. E. (2000). Creative industries: Contracts between art and commerce. Harvard University Press.
6. Ferreira, D., & Nikolowa, M. (2022). [Insert title of specific paper referenced]. [Insert Journal/Publisher].
7. Grossman, S. J., & Hart, O. D. (1983). An analysis of the principal-agent problem. Econometrica, 51(1), 7-45.
8. Holmström, B. (1979). Moral hazard and observability. The Bell Journal of Economics, 10(1), 74-91.
9. Jensen, M., & Kim, H. (2020). [Insert title of specific paper referenced]. [Insert Journal/Publisher].
10. Menger, P.-M. (2014). The economics of creativity: Art and achievement under uncertainty. Harvard University Press.
11. Merton, R. K. (1968). The Matthew effect in science. Science, 159(3810), 56-63.
12. Rosen, S. (1981). The economics of superstars. The American Economic Review, 71(5), 845-858.
13. Salganik, M. J., Dodds, P. S., & Watts, D. J. (2006). Experimental study of inequality and unpredictability in an artificial cultural market. Science, 311(5762), 854-856.
14. Simon, H. A. (1955). A behavioral model of rational choice. The Quarterly Journal of Economics, 69(1), 99-118.
15. Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. Science, 185(4157), 1124-1131.