Dear Reader

Welcome to the new issue of JMM – The International Journal on Media Management.

The papers in this issue cluster around legal, regulatory and governmental themes. We are again happy to be able to present the work of a number of distinguished authors. Each of the contributions allows the reader to gain interesting insights and detailed information on different fields of concern in the above topics and within the general context of media management.

Broadband Internet infrastructure promises to revolutionize the range and variety of services available to consumers in accessing interactive media content. Ruth de Backer and Bharat Rao lead off this issue with an overview of legal and business issues related to broadband. In their contribution they discuss how it will impact future innovation in the industry.

Shahid Akhtar, Mahesh Kumar Malla and Jon Gregson analyze in their paper the role new information and communication technologies (ICTs) can play in achieving goals such as transparency, accountability and good governance. After a short outline of these concepts, the paper probes into both the advantages and disadvantages of the growing utilization of ICTs in the general framework of globalization and democratization, with a focus on the developing world and the Asian continent. It is argued that by increasingly using ICTs and taking on a role as spokespersons for civil society, the Asian media has the potential to promote good governance practices and values.

It is a known fact that there is a high correlation between the level of telecommunications infrastructure represented by teledensity and the level of economic power represented by GDP per capita. The problems and actions for the growth of teledensity in 48 least developed countries (LDCs) are being discussed, as well as the opportunities for utilizing communication technologies to solve prior problems in those countries. However, the study submitted by Victor W. Mbarika suggests that increased investment in telecommunications is not a major factor for growth of teledensity; higher GDP and higher contribution of the service sector share to GDP in the least developed countries play a more important role for growth of teledensity.

In his article, Tadeusz Kowalski delivers an in-depth examination of what happened to the media market in Poland in the process of the so-called “media internationalization”. It is an example of the shift from a highly ideologically motivated concentration into an also high, but mainly capital driven concentration. The general development enabled diversity of expression but at the author points out, “there is no good dinner free of charge”: there are indications of conglomerates lead by foreign media, for which Poland is only a market of secondary meaning thus bringing along the danger of “recycled content”.

Drawing on results from a historical study of the Swedish Broadcasting Corporation, the article written by Sune Tjernström argues the need to develop present theories of the media firm for media management research. Doing this, agency theory is identified as a powerful tool for the analysis of the behavior in public service organizations.

The research paper written by Sanghee Kweon explores how news magazines deal with mergers and acquisitions in the 1990s unstable social phenomenon. One of many findings of examining the coverage of mergers based on types of mergers, government policy, and news focus of three U.S. magazines was that news organs tend to cover media mergers differently than non-media mergers.

In his essay “Building Dynamic Capabilities”, Dan Steinbock describes the development of the Wall Street Journal Interactive Edition. The paper aims to explain why the WSJE was able to launch and stabilize a successful subscription model, a feat that most of its direct and indirect rivals have failed to accomplish.

In the new media environment, communication has become an even more important factor for a company’s success. This issue of JMM is rounded out with a paper submitted by Markus Will and Victor Porak. Using a survey of 150 corporate communication web sites, they examine the question whether known offline communication models are also used for online communication. In addition, it is shown that in corporate communication web sites, content is distributed using a classical target group rather than a community driven approach.

We hope you will enjoy this collection of contributions. The JMM Editorial Team gives heartfelt thanks to all those who helped to make this journal a successful and internationally known publication since its foundation one year ago. We are proud of the JMM’s success and will give our best to provide our readers with interesting new findings in this research area in the future as we did in the past.

Beat F. Schmid
Peter Glotz
Peter Gomez
Dörte Wittig
Public Service Management

Toward a Theory of the Media Firm

by Sune Tjernström, Umeå School of Business and Economics, University of Umeå, Sweden

1. Background

1.1 Aims of the paper

This article draws on the results from a research project dealing with the history of the Swedish Broadcasting Corporation 1925-1990. The purpose of my share in this project is to analyze those measures that have been taken to increase the efficiency of the company. During the decades that are covered by the study, several Royal Commissions, organizational overhauls, management audits and budget cuts are reviewed. What have public service managers done to improve the quality of structures, processes, and output?

Theoretical starting-points for the analytical aspects of the study are several, both general theories of organizations and management control that seem applicable to public service organizations, and theories which are linked to the specific conditions under which a public service company works – contingency theories.

A normative approach is added to the study – the question posed is ‘How successful have managers in the Swedish Broadcasting Corporation been in their pursuit of efficiency?’ The discussion is based on the concept of ‘organizational effectiveness’ which can be defined as the degree to which an organization attains its goals, the selection of which reflects strategic constituencies, the interests of the evaluator, and the life-stage of the organization. While the study initially focuses on efficiency, the added normative approach involves a shift to a more general effectiveness level, not just doing things right, but also doing the right things. What do public service managers do when they accomplish what is expected from them? What is the role of effective public service management?

1.2 The structure of the article

This article describes the theoretical foundations of my project by outlining selected theoretical approaches for the study of public service management.

The concept of theory here means a set of related propositions that presents a systematic view of phenomena by specifying relationships among concepts. Theories are thought of as patterns of uniformity that explain observations made. Theories help researchers search for and explain consistency in behaviour, situations, and phenomena.

In the next section, (2) a brief overview is given of general theories of management control, followed by examples of approaches that focus on the need to adapt management control to differing contexts.

2. Universal and contingency theories of management control

2.1 Universal theories

Many theoretical approaches could be labelled universal theories of management, such as micro-economic models or stake-holder theory. In this section I list some general ideas that seem applicable to various domains in media and communications research – the information nerve-center picture, the labor process view, agency theory and field theory. The list draws heavily on Macintosh (1994), but I have added the ideas proposed by Bourdieu (1996), as he makes claims of universality, also to media organizations, for his theories of ‘fields’.

The informational nerve center

The nerve center framework sees the manager as active in gathering, storing, moving, sharing, processing, and disseminating formal and particularly informal information. It attempts to make sense of the manager’s chaotic life, as depicted by researchers who followed managers around, observing, recording, and asking them what they actually did (Mintzberg, 1975). According to these studies, managers did not...
spend their time methodologically planning organizational objectives, nor systematically following up accomplished results. Managers spent time on several projects simultaneously, and only occasionally had time for reflective tasks. Out of the three major roles of managers, decision-making, interpersonal and informational roles, the informational roles dominated the lives of most managers.

Effective managers can thus be seen as the nerve centers of their organizational units. Managers find information in management accounting systems, such as data on programming and audiences in media firms, but often have a strong preference for verbal communication.

Most media management texts implicitly work within this framework, supplying advice on how to fulfill the various management roles in a media firm.

**The labor process view**

The labor process view focuses on the idea that actual control of work has passed from the hands of the individual worker to the capitalist owner class, and finally to a managerial class working on behalf of owners. These theories draw heavily on the work of Marx and Engels in the nineteenth century, but also on classical management theories such as scientific management, linked to Taylor's name. For the management scientists, management must manage; this could not be left to employees. The focus of the labor process framework is, if we leave the historical setting, on sophisticated control mechanisms designed to make efficient use of labor for the purpose of meeting goals that owners and managers have set.

It seems fair to observe that many writers on journalism assume that managers are an internal threat to the good editors. The editors strive for higher goals than mere profit, such as informing the public on political matters. This implicit theory of management, I argue in my study, it is so prevalent that it is sometimes hard to see what you need management in media firms for – except for the necessary clerical duties. I observe management whose main role is to be on the side of the journalists – one of defending ‘vulnerable values’ in broadcasting.

**Agency theory**

Agency theory depicts the organization as a web of two-person contracts between owner and employees where the owner (the principal) uses accounting information to control the employee-manager who acts as the principal’s agent. The owner uses information to control the employee, a manager who acts as the owner’s agent. Agency theory, situated solidly in the structural-functionalist paradigm, treats accounting systems and agents as applied neoclassical economics to problems of conflicts between owners and employees.


All actors concerned are assumed to be motivated solely by selfish goals, nothing other than the cornerstone of neoclassical economics.

Adverse selection refers to a problem of hidden information, often involving owners with less information than the managers they hire.

Moral hazard, an insurance term, implies that the owners cannot evaluate a manager before it is too late, and the manager may meantime have used this freedom to do less than expected to promote the goals of the owner.

Signalling involves the need for managers to indicate their abilities in a concrete fashion, sometimes at the expense of more important measures.

Agency theory boils down to asymmetric information, i.e., the fact that the parties involved in running an operation may have access to different amounts of information. Often the owner knows less than the manager, and knowing as much as the manager involves time and costs for the owner. The search for the optimum amount of information requires insights into the theory of information.

Agency theory is particularly useful for the analysis of conflicts between different levels in an organization, which is the main reason why I propose agency theory as particularly useful for the analysis of the media firm. More about this in section 3 of this paper.

**Field theory**

‘It is not disputed that Bourdieu is a major contemporary social thinker’. This is the initial line in a four-volume Sage edition, entirely devoted to the French sociologist and his theory of knowledge and science (Robbins, 2000). My motive for including Bourdieu’s theories is his application of the theory of fields to the media sector and other media researchers’ apparent admiration for his work. I will not evaluate Bourdieu’s general contribution to social science, only his analysis of the journalistic field. This constitutes a universal theory of the firm with a radically different focus than the three preceding theories.

Bourdieu’s concepts have been outlined in what is often considered his most important work – *Le sens pratique* – a theory of practice (Bourdieu, 1980). The task of reflecting Bourdieu’s contribution to various intellectual disciplines is fraught with difficulty. He argues that social phenomena which are observed are themselves the products of the intellectual construction of agents involved in social exchange and communication.
Bourdieu has developed the concept of field. He imagines society as a sort of system of fields, each with its own structure and field of forces, set within a larger field which also has a set of forces, structures, and so on. In a field there are stakes, forces, and people who have a lot of capital and others who do not. Capital is a concentration of force which operates in a field. The field is a field of forces but at the same time it is a field in which people fight to change the structure.

Habitus is a mediating concept, a structured and structuring structure which deals with the relationship between objective structures and the production of practice. Bourdieu’s development of the concept of habitus was an attempt to create social agents as individuals who construct the world around them. This process of construction, however, is completed through a system of acquired schemes. Such schemes function as categories of perception and appreciation, so that they act in a practical sense by organising action as well as classification.

Bourdieu often makes strategic interventions in particular social and political situations and the assessment of his ideas must be based on the pragmatic utility of his concepts. This is the spirit in which I dare elaborate on his potential contributions to the theory of the media firm.

His analysis of the media is contained in a book of less than 100 pages (Bourdieu, 1996), in turn based on two lectures at the College de France, the country’s most prestigious academic institution. He defines a journalistic field, that is constrained by economic and technical considerations, but also constrains other fields, such as the political field and the academic field.

In the journalistic field, journalists become puppets constrained by hidden structures that prevent journalists from describing reality as it is. This hidden censorship depends on technical constraints, such as the limited time available in television, but also on political constraints that lead to auto-censorship and conformity, finally also on financial constraints.

These latter constraints make it impossible for journalists in media organizations to explore e.g. the industrial interests of media owners; the obvious French example is the industry group Bouygues who control a television channel, TF 1. He calls this situation ‘structural corruption’ which involves ‘symbolic violence’.

Media firms apply symbolic violence by ‘faits divers’ and ‘faits omnibus’, i.e. unimportant events, blood, sex, drama and crime, and information, matters that interest people but are useless. These are not harmful as such but prevent people from learning about more important aspects of society. The role of the media firm becomes to hide (important facts) by showing trivial information (B: ‘cacher en montrant’).

Media firms turn out to be the instruments that powerful agents use to avoid revolutions against the material and intellectual base structure of society; instead media maintain the symbolic order.

The only agents who can handle the media are people with sufficient symbolic capital or authority, i.e. intellectuals like himself. Intellectuals have a responsibility towards society at large and should start an intellectual uprising to disseminate scientific knowledge and give the public access to universal truths.

In a recent review of the English translation, Bourdieu’s treatment of the media field ‘remains novel and illuminating throughout. His position is that of a serious sociologist with a deep and penetrating grasp of the subtleties of postmodern thought’ (Avery, 2000, p 373). Bourdieu’s theory of fields has been explicitly applied to the media firm by a Swedish researcher (Hultén, 1999), in my opinion, however, with little constructive results. Bourdieu’s contribution to the sociology of the media has been questioned where Marlière (1998) labels most of the book ‘déjà vu’. Schneidermann (1999) reveals

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Table 1: Universal perspectives (Adapted from Macintosh, 1994, p 45)
some uncomfortable details about Bourdieu’s attitudes to the media. The famous sociologist refuses any arrangement where he may be interrupted; this amounts to an attack on Bourdieu’s intellectual integrity.

I see Bourdieu’s theory of fields, applicable to the media firm, as a theory of how power is exercised in society. Bourdieu’s ideas about different types of capital, economic and symbolic, take the analysis of media beyond the economist’s simple assumptions that the pursuit of profits is the only raison d’être of media organizations. Managers in media organizations pursue multiple strategies simultaneously. People in the media, owners, managers, and journalists also strive for legitimation, symbolic rewards such as prestige.

Summary of universal perspectives

The four universal perspectives that could be applied to the media firm are summarized in table 1 (adopted from Macintosh, who does not mention Bourdieu):

2.2 Contingency models of the firm

Contextual dimensions

Taking a contingency approach to management control means that an organization’s performance depends on matching its control system characteristics with the constraints of its environment and other aspects of the context in which the organization is active. Examples of contextual dimensions that I make use of in my study are those that define the organization’s context in terms of the pace of change in the environment, the degree of uncertainty, and its phase of development. These contexts will be briefly explored in this section.

Changing environments

Burns and Stalker (1961) identified two types of environment, one a stable environment, and one constantly changing. To match these two contexts, firms need to develop a mechanistic organization in the first case, an organic control system in the latter.

Firms with mechanistic control have a well-defined technology and divide tasks into distinct duties for each function. Power is allocated unambiguously among managers, hierarchal arrangements seem suitable, and the whole organization is coordinated from the top, where information is available. Managers make decisions within fairly familiar expectations.

The organic control exist in more fluid environments where technology is constantly changing, work methods are continuously improved, and demands on output is ever more demanding. New products appear on the market and the environment seems to be turbulent. Managers in this context need to revise their methods, the goals and tasks of the organization as a whole and those of organizational units within the firm. Formal hierarchies tend to disappear, and management does not always know best.

In terms of application to the world of media, it is rather easy to see that the Swedish public service firm was organized with a mechanistic framework as the ideal. Management audits tried to bring order into a growing radio and television company. The environment on the other hand became more and more dynamic, changing at a fast rate. This created tensions and the public service firms were at one stage heavily criticized all over Europe for being too bureaucratic and costly (Syvertsen, 1992).

The organic framework would seem to go a long way towards understanding behaviour in contemporary media organizations affected by new technologies.

How to enforce management’s decisions

A rational approach to management would seem to be make decisions at the top, where information is available and to transmit information about these decisions to managers at lower levels. As managers go about this process they can lay down a system of enforcement rules that are to be followed. We can see the outline of a command control with central planning and control capacities and follow-up procedures where violations of operating rules are detected and reported to upper management who can act on this information, e.g. rewarding those who obey orders and punishing those who deviate.

Another response is for organizations to adopt a decentralized, market-based approach to managerial behaviour. The enterprise can be subdivided into many separate but related subunits. These units are then asked to trade among themselves and with external markets more or less as if they were independent firms. The organization is in this manner trying to run a free market within the corporation. Each unit works for itself and managers are encouraged to look after their own unit. Within this framework, the idea is that overall efficiency will result from this arrangement.

In the world of media – or at least as far as European public service firms go – the BBC and its command structure has been the ideal, with most of the resources needed for broadcasting in-house. Traditions of market-based arrangements have been weak, even though the new dual system of broadcasting has meant the arrival of independent production units and market relations within the media sector to an extent never seen before.

In my study on the Swedish Broadcasting Corporation, I discovered an early consultant’s proposal to reorganize the
Differences may appear as degrees of the whole approach to management. administrative processes or, indeed in terms of organizational structure, in contexts demand different responses. Other theories assume that differences in concepts and focus.

To sum up, some of the available organization and management theories that could be applied to media firms are general in nature, with wide-ranging differences in concepts and focus. Other theories assume that differences in contexts demand different responses in terms of organizational structure, administrative processes or, indeed in the whole approach to management. Differences may appear as degrees of uncertainties in the environment, as availability of information, or as differences in the requirements during different development stages. Both the universal theories and the context-oriented seem to be applicable to the world of media firms.

In the next section a few more specific theories will be explored as for their usefulness for the analysis of the public service firm. All would seem to fall under the general heading of contingency theories, i.e., other examples of contingency theories.

3. Towards a theory of the media firm

3.1 Media Economics/Management

A classic text, Picard (1989) outlines the concept and role of the market, consumer and producer choices and market responses, the structure of the markets in which media firms operate, relations with capital markets, all neatly embedded in a neoclassic microeconomic setting. The text is an excellent introduction to the study of media firms in general. The only chapter directly relevant for the analysis of the behaviour of public service firms, however, is one on government intervention in the market, which explores how governments promote social goals and influence the market conduct of media firms through regulation, advantages, and subsidies.

The more recent Alexander et al (1993) directs attention to different industries in the media sector, such as press, publishing, television, cable, movies, syndication, advertising and offers an analysis of the global integration of the media industries. It focuses on the principles of economics applied to specific media industries, stressing contemporary trends in the business environment, caused by mergers and acquisitions, takeovers, breakups etc.

Media Management texts, such as Lavine & Wackman (1988) and Lacy et al (1993) stress some of the factors distinguishing media from other manufacturers: nature of the product, types of employees, special organizational factors in media companies, and media’s unique role in society. The latter point is made with reference to the status of media firms as the only business specifically protected by the American Constitution’s first Amendment and to other statutes directed at the media, such as copyright, libel, slander, defamation, shield and privacy.

Lavine and Wackman see the challenge for media managers to accomplish two somewhat contradictory objectives: producing media products using limited resources and producing innovative, high-quality messages. The setting, again, is that of the American media market. Owners primarily want a solid return on investment, quality employees want a fair wage, and the public wants value for time and money spent consuming media in terms of information and entertainment. The major source of revenue for media firms in this context is advertising; the implications of this for media managers is discussed at some length, stressing the objective of selling the audiences to advertisers.

Lacy et al also cover both internal and external media organization environments. Market analysis and research, strategic planning, law and technology are included in the external concerns, budgeting, organizational structure, leadership motivation focus on internal matters. In other words, the texts try to answer the question: What should media managers do?

The idea of linking profits and social responsibility is present in the Media Management texts, but appears in a marketing perspective: it is good business to protect a franchise by taking additional considerations beyond short-term profit.
My experience from the study of the history of management in the Swedish Broadcasting Corporation is that traditional Media Economics/Management literature has surprisingly little to offer in terms of theoretical concepts suitable for the analysis of the management of the public service firm.

The Media Management literature is based on the idea that the media firm operates on two separate markets – the advertising market and the consumer market. McManus (1994) has increased the number of markets to four, the two mentioned plus the capital market and the market for sources. This extension of the traditional media management area is thought-provoking but hardly useful for understanding behaviour in the public service firm. To be relevant for public service media organizations, an analogy is needed. The public service firms also operate in two distinct markets: the two separate markets involve consumers (listeners/viewers) and politicians (determining the rules of the game), the focus of the next theoretical approach.

3.2 Political Management

Theories that help the researcher understand the behaviour of public service firms in relation to politicians could be found in the vast field of research on Political Management or Institutional/Institutional Leadership.

Theories of political management assume that organizations have a technical environment (the consumer market) and an institutional (that evaluates the organization in terms of structure, processes and ideologies) (Brunsson, 1989). Norms around structures, processes and ideologies are often justified by their contribution to overall effectiveness, accomplishing various missions etc. There is, however, hardly any guarantee that demands from the political environment contribute to desired patterns of behaviour. It is quite plausible that management finds it difficult to align various demands with the ambition to run an efficient production process. There seems to be a conflict between effectiveness, in the sense of meeting demands from stake-holders, and efficiency in production processes.

In other words, there may well be imbalances between institutional demands and demands for an efficient production organization, and it is reasonable to assume that different parts of the media firm’s environment put forward different demands. Different stakeholders are guided by different ideologies and have different expectations about what a public service firm should do and thus different ideas as to effective management structures and processes.

According to the literature on political management, organizations use different strategies to handle these different, often contradictory demands. Management can look for a common denominator, put the stress on the demands from the dominant stake-holders, create coalitions between several important interest groups, or create support by successively meeting demands from one group after the other, shifting ideological emphasis over time.

This situation differs substantially from the picture of effective management as described in traditional literature on management or in the media management literature. While the emphasis traditionally is on rational behaviour, the political management writers identify another type of rationality, aiming not so much at efficiency in production, but at other dimensions of rational behaviour. The key to this alternative rationality seems to be substituting ‘legitimacy’ for ‘efficiency’.

If an organization receives a variety of demands from its environment, it may seem natural to develop strategies that include contradictory elements, this may in fact be perfectly rational in the particular political sense. Inside the organization, different groups identify with different demands, some with the informational role, some with entertainment and attracting audiences etc. The built-in conflicts in goals, structure and internal perspectives thus merely mirror the environment in which the firm operates.

For researchers who study public service firms, theories of political management has a lot to offer. Public service organizations, such as the radio and television corporations in Europe, are indeed active in a political market in addition to catering for consumer needs and demands. The typical problem in public service firms is that people who participate in the boardrooms have a variety of ideas about how the organization should work. In fact it is a typical feature of the management of these organizations that different ideologies or views are well represented in the board of directors or in supervisory committees, or, indeed, in the management team itself.

A political organization can handle several ideologies, it will appear as a rational decision-making body, it will deal with problems rather than solutions – these are some of the propositions by this body of research. The organization will tend to be general rather than specific; here lies the root to inefficiency. Compared with e.g. manufacturing industry a public service firm that tries to accomplish several and contradictory goals, the delivery of products for different markets and the meeting of contradictory demands from political stake-holders is likely to be expensive.

3.3 Not-for-profit Organizations

Fruitful are also theories of the behaviour of non-profit organizations. These theories also replace traditional goals of efficiency with goals such as legitimacy, requiring integrity on the part of management.
Research on non-profit organizations has produced a number of hypotheses of interest for the analysis of management in a public service organization. The core problem addressed in this line of research is how to create incentives to efficiency in the absence of profit-oriented ownership, profit-oriented management and how to create a balance between demands made on the organization (Oster, 1994).

The basic rationale for non-profit organizations is derived from the theory of ‘contract failure’, i.e. the products and services these organizations supply are not easy to evaluate by consumers and that the function of the market to make less efficient producers leave the market does not work well. The need arises to hand over such tasks to firms that seem responsible and reliable.

Not-for-profit organizations are traditionally active in areas where products and services are difficult to evaluate, where there is a considerable ideological content, where confidence and responsibility are important or, areas where public sector production is an alternative (the products and services share some of the collective qualities of public goods). Not-for-profit firms are typically labour-intensive and based on a different form of finance than market revenues. In addition, not-for-profit firms have a complex stakeholder structure, where contradictory demands are made on direction.

Intensive work on goal formulation is a typical feature of not-for-profit firms. It is also assumed that the typical not-for-profit organizations are relatively conservative, in the sense that they are reluctant to change. Often change is imposed on the organization from outside, by powerful stakeholders, rather than from management. The labour-intensive character requires fairly active personnel function or efforts to develop staff. Financing not-for-profit organizations takes up a lot of management time and efforts. Stakeholder administration becomes the focus of management activities.

Several of these hypotheses seem very much relevant for the public service organization, and so far one could make the observation that the management of a public service organization is better understood by relating observations to theories of political organizations and not-for-profit organizations than to theories of media management.

In my study on the Swedish Broadcasting Corporation it was clear that in many situations management looked upon the political institutions that laid down the rules for the corporation not as owners that should be obeyed but as one of several actors pursuing interests that may differ from those of management or of the organization as a whole. The Corporation was itself a powerful actor in the field of media politics, which brings me back to Agency theory – one of the previously mentioned universal theories of management applicable to a public service organization.

### 3.4 Agency Theory revisited

“In the history of the Swedish Broadcasting Corporation there are several examples of independent behaviour on the part of Management, even in relation to the Government. Agency theory offers a possible framework for the analysis of such processes. Management not only follows directives and rules of the game, it tries to actively influence such rules, as in the case of the local radio organization”

(Tjernström, 1999, page 335/my translation/).

To understand this discrepancy between the wishes of the political institutions and the interests of the leadership in public service organizations, I find Agency theory particularly attractive. It is my impression that agency theory is the most effective framework for the analysis of behaviour in the public service firm, thinking primarily of the potential conflicts between owners and management.

It is clear, however, that agency theory is valid for the analysis of media firms in general, and not only public service corporations. It also offers an analytical framework for the analysis of discrepancies between management and editorial staff, what Liebes (2000) calls negotiations between Newsroom and Management. In public broadcasting, Liebes says, external pressures may be applied by the institution’s director general as the director looks after the interests of the politicians who may influence the director’s appointment. News items that may put in a bad light those who hold economic or political power is in danger of becoming the focus for a debate between unequal participants.

As I see it, media firms need to be analyzed not only in terms of management control or journalist professionalism, but in terms of organizational goals. Entrepreneurs start activities involving business ideas that sometimes require other competencies than those traditional managers and journalists can supply, e.g. computer skills, entertainment talent, or special expertise. Here agency theory offers a coherent theoretical framework for the analysis of the media firm. This theory needs to be incorporated into Media and Communication research.

Applying principles from agency theory to the behaviour of individuals at various hierarchical levels of the mass media firm reveal important variables, such as monitoring costs, individual motivations, and implicit organizational control mechanisms that may significantly impact media content. Focusing on these variables can help explain variability in media content across different media organizations.
One of the practical applications of agency theory is the use of incentive schemes for managers, which hopefully realign the goals of owners and managers. The practical experience from such incentive schemes is, however, mixed.

The limitations of agency theory, apart from the model simplifications due to the desire for analytical elegance, are among other things the simplified view of the owner/entrepreneur as a distant actor. Not least in the world of modern media, the owner may well be part of a team effort, together with managers and experts. The special abilities of the entrepreneur is then the justification for the owner’s claims to residual profits.

3.5 Agency theory and ideological goals

If you regard media organizations as both ideological and economic entities, because media influence public opinion, government policy and voter behavior, agency theory covers a broader field of potential conflicts. Owners may have other objectives for entering the media sector than return on investment, and agency theory also offers a framework for the analysis of behaviour of individuals within ideological organizations. Napoli (1987) has suggested that the ‘political’ dimension of media organizations makes agency theory particularly useful for the analysis of hierarchical relationships: owner/management and management/employee.

Media content, Napoli says, is affected by a complex interaction of organizational factors, including professional and ideological characteristics of the organizational members at all levels of the hierarchy, the methods of implicit control employed, and structural factors such as organization size and ownership type. (Napoli, page 216).

It seems obvious to me that the implications of the principal-agent approach for the study of the production of media content form important contributions to research in media management.

4. Organizational Effectiveness - a Complex Concept

4.1 A competing-values approach

In my study I make an effort to assess the effectiveness of the Swedish Broadcasting Corporation in a historical perspective: 1925-1990.

The starting-point for a normative discussion of Organizational Effectiveness (OE) is a ‘competing-values approach’. The main underlying theme in this approach is that the criteria you value and use in assessing an organization’s effectiveness depend on who you are and the interests you represent. In other words, the assumption is that there is no best criterion, nor a single goal that everyone can agree on, nor a consensus on which goal takes precedence over others. Therefore, the concept of organizational effectiveness is subjective, and the goals that the evaluator chooses are based on personal values, preferences, and interests. This starting-point seems to be particularly useful when the organization is unclear about its own emphases, or when changes in criteria over time are of interest.

To make this approach operative, three sets of competing values have been proposed (Robbins, 1990). The first set is flexibility vs control, two essentially incompatible dimensions of an organization’s structure. Flexibility values innovation, adaption, and change. Control favors stability, order, and predictability.

The other set deals with the issue whether emphasis should be placed on people in the organization or the well-being of the organization itself. Concern for the needs of employees versus the concern for productivity and task accomplishment is a well-known dichotomy.

The third set of values relates to organizational means versus ends. The former stresses internal processes and the long term, the latter emphasizes final outcomes and the short term. If you depict these three dimensions in a three-dimensional diagram, these values can be combined to form eight sets of OE criteria.

4.2 Models of effectiveness

Two of these sets of organizational effectiveness can be thought of as the human-relations model of efficiency:

[People, flexibility, means]:
Cohesive work, where employees trust, respect, and work well with each other.

[People, flexibility, ends]:
Skilled work force, where employees have the training, skills, and capacity to do their work properly.

Two other sets can be encompassed by the open-systems model:

[Organization, flexibility, means]:
Flexibility, where the organization is able to adjust well to shifts in external conditions and demand.

[Organization, flexibility, ends]:
Acquisition of resources, where the organization is able to increase external support and expand its size.

The rational-goal model would seem to include two sets of criteria:

[Organization, control, means]:
Planning, where the goals of the organization are clear and well understood.

[Organization, control, ends]:
Productivity and efficiency, where the volume of output is high and the ratio of output to input is high.

Finally, an internal-process model is formed by the remaining two sets of criteria:

[People, control, means]:
Availability of information, where channels of communication facilitate informing people about things that affect their work.
4.3. Organizational Effectiveness in the Study

A simplified approach

In my study, a simplified approach for assessing organizational effectiveness is used, suitable for a historical analysis. Four criteria are applied, two of which are linked to the open-systems-model: flexibility and acquisition of resources.

Two criteria are linked to the rational-goal model, one of which is productivity. The second of these criteria resembles ‘planning for rational goals’, but is wider and includes both the people and the organizational perspective. This fourth criterion is labeled ‘defense of vulnerable values’, which can be thought of as values that are essential to employees, values imposed by constituents outside the organization, and values that managers have chosen to give priority.

The definition of organizational effectiveness used in my study therefore encompasses the dichotomies flexibility vs control, means vs ends, but basically ignores the people vs organization dichotomy, putting the emphasis on the organizational aspect.

The criterion of vulnerable values is linked to a strategic-constituencies approach, where it is proposed that an effective organization is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence. It is assumed here that organizations work in a political arena where each constituency has a unique set of values. Managers pursue a number of goals which represent a response to those interest groups that control the resources necessary for the organization to survive.

Four criteria

The normative discussion of the organizational effectiveness of the Swedish Broadcasting Corporation is thus based on four criteria:

a) The ability to defend ‘vulnerable values’, values which change over time and with the evaluator; it is assumed that for each period such vulnerable values can be identified or selected. The independence of the broadcasting institution is the most important value. Other public service values emerge from an interplay of social forces and broadcasting traditions: Programme quality, diversity, cultural identity, independence from commercial influences, integrity of civic communication, welfare of young people, the general maintenance of standards. These values are defended in a political marketplace where other values compete with public service principles.

b) The ability to acquire resources to broadcasting, financial, technical and personal (the administrator of a public agency’s ability to acquire budget increases is of course a controversial measure of efficiency; it may well be disfunctional).

c) The ability to achieve specific goals and plans and maintain high levels of productivity and internal efficiency is the traditional way to measure administrative efficiency. Order, continuity and smooth functioning of operations are included in this criterion, as are adequate dissemination of information, stability and order.

d) The ability to adjust to new conditions and demands. Different constituencies demand change in various directions; shifts in media policy and in the level of resources are examples of changes that require adaptive activities on the part of the broadcasting corporation.

In my study on the Swedish Broadcasting Corporation, I have tried to apply these four criteria to various periods in the life of the company. Some observations are summed up in the next section.

4.4 Different aspects of effectiveness emphasized over time

The first decades: growth and stability

This section focuses on how effectiveness has been perceived in the Swedish Broadcasting Corporation over the decades that the study covers (1925-95).

The first decades, 1925-55, saw a small company, with limited resources, grow into a medium-sized organization. Rationalization efforts aimed at creating order and stability: administrative structures were created, modeled on government agencies, and to some extent on newspapers. An early differentiation between programming and administration/technology mirrors the newspaper industry, where some of the leading directors were active, including the first CEO who was the Managing Director of the Swedish News Agency (TT).

In an early management audit, a radically different concept was proposed by an industrial consultant, but turned down. He proposed a small central organization that was to coordinate outside resources, an idea not adopted until half a century later, with the emergence of commercial broadcasting. This was a key turning point in the administrative history of the corporation. But this type of decentralized structure was not in the air. All the other European public service-organizations chose to build up in-house competence, often modeled on the BBC.

The corporation was carefully building up a role as a national cultural and publishing institution; independence from the government and from competing
During the sixties, a period of fast growth of the broadcasting institution, with two radio channels, one and then two television channels added, the corporation flourished. The company was hardly successful, however, in building up systems for internal planning and control. Nor did it devote time and energy to creating flexible organizational structures. The independence of the broadcasting corporation was firmly established, although political constituencies decided in many areas, such as the internal organizational structure, normally left to management.

The Sixties: Expansion but lacking management control

The pace of growth of the corporation was unheard of; whatever demands for resources that were made, they were met. The company grew from 550 persons employed in 1954 to over 4,000 fifteen years later. Management were by and large responsible for this appetite for resources, and regarded even minor discussions about the need for a reduction in funds as an attack on the independence of the public service-organization.

During this period, there were emerging attacks from conservative forces in society, including industry, who were not particularly happy about alleged left-wing influence in broadcasting. The Director General, in his memoirs, also reports some signs of pressure from government ministries; it seems he was very touchy when there was any sign of criticism or any questioning of the need for resources (Rydbeck, 1990).

The early Seventies: a failed administrative overhaul

The succeeding decade saw efforts to rationalize the broadcasting organization, to cut down what was thought of as wasteful spending, in Sweden as well as in other countries. Public service-organizations had grown to the point that, even internally, the lack of efficiency was felt. And externally, comparisons were in all countries made with commercial institutions that typically produced television at lower costs (Syvertsen, 1992). The Broadcasting Corporation was looked upon as part of the government sector, that at this stage was subject to severe treatment in the form of audits and budget cuts.

The company called in a group of industrial consultants, with experience from cost-cutting efforts in the manufacturing sector, and with competence in developing and implementing management control systems. Heading the operation was the Government Chief Auditor, at the time a firm believer in Planning and Programming Systems based on thorough reviews of Objectives and Goals.

Modern administrative systems were introduced, budgets were trimmed with near-disastrous effects because of built-in inflexibilities. The success of this effort was far from obvious. The external consultants were not accepted by middle management in the corporation, nor by radio and television people in general. Of the targeted savings, hardly anything remained a few years later. The size order of the remaining results was such that they could have been achieved in the course of one management meeting, had the will been there among top management.

The independence of the institution was now threatened in another sense than during previous periods – via financial pressure and harsh criticism of the efficiency of the organization from many outside constituencies. The CEO of the corporation was under internal pressure for allowing this externally driven project to take place, cost time and resources, and produce virtually nothing but embarrassment.

The mid Seventies: developing local radio

There were also significant advances, and even success during the seventies, especially at the introduction of local radio. In spite of a proposal from a parliamentary commission to the contrary, the broadcasting corporation was asked to develop this new medium within its own organization, as a semi-independent subsidiary.

Lobbying activities by the corporation played a key role in this process, demonstrating the power of the principal-agent theory as a tool for understanding management behaviour in a media firm.

Top management acts in many ways independently of the interests of the principals, in this case the government. And in fact, management in a public service organization is expected to defend vulnerable values, even against attacks from the government. The main arguments in the struggle for local radio were financial and administrative, but the integrity of the broadcasting system may have been the decisive issue, and the development of local radio could be seen as defending the independence of broadcasting.

The late Seventies: a group structure that was unique – and impossible

Towards the end of the seventies, a new corporate structure was introduced, against the will of management. A holding company was created, with four subsidiaries for national radio, local radio, television, and educational programs. This structure, on the surface resembling an industrial group structure, was totally different from
anything seen before. Built-in conflicts were hardly conducive to efficiency, neither in the sense of stability, nor in the sense of flexibility. It was consuming resources, and the Board of Governors took little interest in the affairs of the corporation, but devoted energy to political in-fighting.

The management of the company was surprisingly successful in making use of the administrative setup for purposes of management control and administrative efficiency. The resulting management style was a far cry from the decentralized structure that political levels may have intended.

The Eighties and early nineties: living in a new world of competition

In the eighties, the corporation was subject to radical budget cuts, presumably increasing internal efficiency, and trimming the size of the company, preparing it for new competition in a coming dual system of radio and television. As the introduction of advertising was considered, the very existence of the public service system was under debate.

A dual system of television was delayed until a new actor started commercial television in 1991, based in London, outside the reach of Swedish law-makers. A few years later, a second commercial station started its transmissions, thus creating a radically new situation. The era of the monopoly was finally over. The Swedish Broadcasting Corporation was replaced by two companies, for radio and television respectively, and ownership was transferred to a new government foundation.

Vulnerable values at stake at this point were the traditional public service values of programme quality, diversity, cultural identity, independence from commercial influences, integrity of civic communication, welfare of young people, and the general maintenance of standards. Theories have been put forward that the different parts of the dual system converge, but also theories about programme specialization between the various legs of the system.

Cost and effectiveness comparisons in the dual broadcasting system are difficult to make because of differences in missions and goals. Some illustrations of these difficulties are given in the study. The dual system, it is concluded, is now under pressure from new media and actors, among them international conglomerates.

5. Conclusion

In the search for theoretical foundations for an analysis of the behaviour of management in a public service organization, I have found the Media Management literature less useful than e.g. theories of Political Management and Not-for-profit Organizations. I am particularly anxious to promote extensive use of a powerful general theory of management into Media Management research – Agency theory. This theory provides a useful starting point for empirical examinations of the relationships between organizational variables and media content and goes beyond existing theory of the media firm as described by e.g. Shoemaker & Reese (1996) who analyze how media content is influenced by individual and organizational characteristics and objectives.

Agency theory seems particularly well suited for the analysis of the behaviour of management in the Swedish public service firm, acting independently of political actors, indeed, at crucial stages managers protected the independence of broadcasting from the government.

References:


About the Author

Dr. Tjernström (sune.tjernstrom@fek.umu.se) has served in several functions in the media sector, before joining the Umeå School of Business and Economics, where he is now Associate Professor of Management Accounting: he has been Director of Planning of the Swedish Broadcasting Corporation, has served on the Board of Administration of the same firm; he has been Executive Director of the Swedish Magazine Publishers’ Association and later, Executive Director of the Swedish Newspaper Publishers’ Association. He has also served on the National Committee of the International Press Institute, IPI.
**Calendar of Events**

### January

- **01/27/2001 - 01/28/2001**
  - **7th International Conference on Communications**
    - Indian Institute of Technology, Kiamrup, India
    - [http://www.iitk.ernet.in](http://www.iitk.ernet.in)

### February

- **02/01/2001**
  - **New Media and the interconnection of media in publishing firms**
    - Frankfurt, Germany
    - [http://www.managerakademie.de](http://www.managerakademie.de)

- **02/15/2001 - 02/17/2001**
  - **Society for Consumer Psychology Winter Conference**
    - Scottsdale, Arizona, USA
    - [http://fisher.osu.edu](http://fisher.osu.edu)

### March

- **03/08/2001 - 03/10/2001**
  - **E-Commerce 2001**
    - Hawaii, USA
    - [http://www.e-comprofits.com](http://www.e-comprofits.com)

- **03/12/2001 - 02/13/2001**
  - **Workshop on Information and Organizational Design (EIASM)**
    - Brussels, Belgium
    - [http://www.eiasm.be](http://www.eiasm.be)

### April

- **04/04/2001 - 04/05/2001**
  - **The 8th World Business Dialogue “PLANET NET – Strategies for a New Economy”**
    - University of Cologne, Germany
    - [http://www.ofw.de](http://www.ofw.de)

- **04/05/2001 - 04/06/2001**
  - **1st International Workshop on MANAGEMENT AND INNOVATION OF SERVICES**
    - Maastricht, Netherlands
    - [http://www.fdewb.unimaas.nl/market-ing/workshop](http://www.fdewb.unimaas.nl/market-ing/workshop)

### May

- **05/01/2001 - 05/05/2001**
  - **The Tenth International World Wide Web Conference**
    - Hong Kong, China
    - [http://www.10.org](http://www.10.org)

- **05/17/2001 - 05/19/2001**
  - **3rd Symposium of the Hamburg Forum of media economy:**
    - Print vs. online publisher in the Internet age
    - (language: German)
    - Email: marketfa@unibw-hamburg.de

- **05/17/2001 - 05/19/2001**
  - **2001 Advertising and Consumer Psychology Conference:**
    - “Online Consumer Psychology”
    - Seattle, USA
    - [http://fisher.osu.edu](http://fisher.osu.edu)

- **05/20/2001 - 05/23/2001**
  - **2001 IRMA International Conference – Managing IT in a Global Economy**
    - Toronto, Canada
    - [http://www.irma-international.org](http://www.irma-international.org)
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- Technology, infrastructure, user behavior related to the changes in the media sector
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