Examining the Suspected Adverse Effects of Competition on Media Performance

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Abstract

Though most of the literature suggests that competition in the media market is positive, this paper argues otherwise. Drawing on a small number of studies from emerging media markets, the authors argue that the relationship between competition and the quality of the journalistic product is curvilinear, with an optimal level of competition producing a quality media product and higher levels of competition–such as the hyper-competition existing in many emerging media markets–producing journalistic products that do not serve society well.

The paper examines this question empirically through use of existing data from a small sample of countries where measures of media performance and of market competition exist. The findings are consistent with the expectation of a curvilinear (inverted U) relationship between competition and the quality of journalistic products in that country.

The dominant assumption in most discussions about media competition is that more is better. Media critics, for example, frequently bemoan increasing consolidation in media markets, arguing that the lack of competition leads to inferior media products.

This belief in the positive effects of media competition reflects general assumptions about competition in the field of economics. Competition is thought to lead to increased creativity, more innovation, lower prices, and an improvement in the quality of products and services provided. Competition is seen as the market's way of weeding out inferior firms, rewarding the stronger firms.

The United States and most western European countries have experienced increased consolidation of their media markets in the last century. In the United States, for example, the daily newspapers dropped from 2,226 in 1990 to 1,456 in 2003. Fewer than 50 American cities have competing daily newspapers today (Wright, 2005). While the number of radio and television stations has not declined, considerable consolidation of ownership has taken place.

In certain parts of the world, however, the last 15 years have seen increased numbers of media outlets, both print and broadcast. In eastern and central Europe, for example, the number of titles mushroomed in the years after the fall of the centralized economies. In Poland, for example, the number of newspaper titles grew from 170 just after the fall of communism in 1989 to somewhere between 1000 and 4000 publications, depending on how they were counted, in 1993-94 (Gross, 2002).

Research on the consequences of media competition and monopolization is based almost entirely on the experiences of western, developed markets, such as those in the United States and Western Europe. Such research has been grounded in concern about the reduction in competition in media markets. However, in many other countries of the world the media operate in an environment of hyper-competition. Moreover, as new technologies enable the delivery of news through more and more distribution technologies, competition for consumers' media-use time and attention is growing even in developed nations. However, little is known about the positive or negative effects of this condition.

The few studies that have looked at the issue, however, suggest that media competition may have negative consequences that much of the literature has not addressed. A study based on extensive interviews with managers of newspapers in emerging media markets found that high levels of competition for very limited resources negatively affected the ability of those newspapers to produce quality media products (Hollifield, Becker and Vlad, 2004). Another study in this same vein found that having more newspaper titles in a market may reduce the financial strength of individual newspapers, making them more susceptible to government influence through bribery or subsidies – a condition known as media capture (Jacobsson & Jacobsson, 2003).

Although there is little research on the effects of hyper-competition on news media content, at least two studies have examined the effects of hyper-competition on television programming markets. Van der Wurff and van Cuilenburg (2001) analyzed the effects of competition on the Dutch television market, finding that competition is not linearly related to product diversity. Instead, in conditions of what they term ruinous competition, an excessive sameness of low-quality programming occurs. Those findings were reinforced by a recent study of television in Europe, which concluded that competition associated with growing commercialization has resulted in decreased quality and a “dumbing down” of the product (OSI, 2005).

There is a logic to these findings. The economic characteristics of media products are substantially different from most other products. One of the most important of characteristics of news and information products is its externality value, that is, the positive ripple effects such as a knowledgeable citizenry or transparent government that emerge when information in inserted into other social and economic processes (Priest, 1994). An independent media that produces high-quality journalism makes political and industrial structures more transparent, discourages corruption (Brunetti & Weder, 2003), and promotes economic growth (Hollifield, Becker & Vlad, 2004; Brunetti et al, 1998; Islam, 2002; Knack and Keefer, 1995; Mauro, 1995). Notably, World Bank officials have stated that: "a freer, more aggressive and more critical news media in the region would have put a break on the government corruption and the so-called crony capitalism that are widely seen at the heart of today's economic mess" (Editor and Publisher, 1998).

However, in an environment of hyper competition for audiences, media may produce products that attract audiences through sensationalism or through biased or superficial coverage of major events in the society. The result may be a citizenry that is entertained but not informed. What may be good in terms of market success, in sum, may not be good for democracy.

This paper explores the relationship between news media competition and news media performance in markets, extending existing models of that relationship to include market environments where hyper-competition exists.

Literature on Competition

In economics, competition generally is said to occur when a substitute product is available that provides the consumer with similar utilities at a similar price. Defining substitutability among media products is extremely difficult, however, because research has identified at least five separate utilities that audiences seek from media content: entertainment, surveillance of the environment, social interaction, decision making, and self understanding (Lacy, 2000). In addition to these five practical utilities, media content also offers psychological utilities such as positive or negative feelings from associations and reinforcement (Lacy, 1993, 2004). Finally, different consumers derive different utilities from the same content, making the utility of any particular media product vary in its relevancy to a particular consumer.

Another definition of competition found in mass communication literature identifies competition as the struggle between media organizations for resources in the market (Dimmick 2003, 2005). At least six types of resources critical to media organizations have been identified: 1) consumer gratification utilities and consumer gratification opportunities, which refer to both the use that consumers make of media content and their ability to access that content where and when they need it, 2) content itself, 3) consumers' time, which is required to consume media, 5) consumers' money, 5) advertisers money (Dimmick 2005) and, 6) a labor force of trained media professionals (Hollifield, 2006).

As Litman and Bridges (1986) have noted, research on the effects of media competition on media performance dates back to at least the 1940s. In recent years, the stream of work on the topic has become more theoretically grounded, systematic and programmatic. The result is a relatively large body of research that sheds light on the question of how media competition affects media performance. Virtually all of that research has been conducted in markets characterized by low-to-moderate competition, grounded in the concern that media consolidation has had a negative effect on media quality.

The research on media competition and media performance has been dominated by what has been called the “financial commitment” approach, in which the level of investment (commitment) that news organizations make in their news product becomes a surrogate measure of media quality (Lacy, 1989, 1992; Litman & Bridges, 1986). Financial commitment has been operationalized using a variety of measures, including the amount of investigative, enterprise, and local copy produced, the advertising-editorial ratio, the amount of visual and graphic material used, the number of wire service subscriptions, the length of stories, the amount of on-location stories produced for television news, the size of the news staff, reporter workloads, and investments in news-gathering technologies (Lacy & Fico, 1990; Litman & Bridges, 1986; Lacy & Blanchard, 2003). All of these elements require that media organizations increase their financial investment in news production.

The financial commitment approach was initially proposed by Litman and Bridges (1986) and later developed by Lacy (1989, 1992). Lacy (1992) proposed a financial commitment model in which the intensity of competition as measured by market share would cause media organizations to increase their financial commitment to the news product. That would result in increased news quality, which would make the product more useful to readers and audiences. Ultimately, the investment would pay off for the news organization in the form of increased circulation and advertising revenues.

Research has generally supported Lacy’s (1992) model, finding that intensity of competition is related to an increased financial commitment to news production (Busterna, 1980, 1988; Lacy, 1987; Lacy, Atwater, & Quin, 1989; Lacy & Blanchard, 2003; Lacy & Bernstein, 1992; Lacy & Riffe, 1994; Litman & Bridges, 1986; Nixon & Jones, 1956; Powers, 1991; Shrikhande, 2001). Also as predicted, increased news quality as measured by financial commitment has been found to positively effect the financial performance of media organizations through increased circulation, ratings, advertising, revenues and profits (Chen, Thorson, & Lacy, in press; Cho, Thorson, & Lacy, 2004; Just, 1999; Lacy & Fico, 1991; Rosenstiel, Gottlieb, & Brady, 1999; St. Cyr, Lacy, & Guzman-Ortega, in press).

This research makes it clear that the relationship between competition and performance is not simple. Lacy and Riffe (1994) argued that the ability of media organizations to respond to competition with increased financial commitment is dependent on the level of profit the organization is achieving. As competition rises, profits fall and the ability to invest in greater news quality decreases. This hypothesis was subsequently supported in a study of newspapers (Lacy & Blanchard, 2003). Later research also found competition to be associated with lower total advertising lineage, ROP advertising (Shaver & Lacy, 1999), operating margins, cash flow margins, and earnings predictability in newspapers (Lacy, Shaver, & St. Cyr, 1996). When a media organization made profits a priority specifically at the expense of investment in news production, circulation, circulation revenue, and profit margins fell in subsequent years (Lacy & Martin, 1998).

Taken together, these studies indicate that competition can have a negative effect on media organizations' financial performance, if media organizations do not respond to competition by improving the quality of their product. Investing in product quality, however, is possible only if media companies do not face such high levels of competition that profits evaporate.

Economists studying the relationship between media competition and other social externalities have identified another possible effect of competition. One model suggested that highly concentrated media markets will be more susceptible to government influence (Besley and Prat, 2001). Using the assumption that governments seeking to silence media would have to pay a fixed sum to all media companies in order to buy them off, the model suggests that competition makes the cost of media bribery too high to be practical.

A related theoretical model reached a slightly different conclusion (Jacobsson & Jacobsson, 2003). It suggested that it would it would be more expensive to buy off financially strong media companies than financially weak ones. Therefore, if competition reduces media profits, media organizations might become more susceptible to influence peddling. A synthesis of the two models suggests that media competition levels would be optimal where they produced several financially strong media firms, which would place the cost of buying influence out of reach. Such imperviousness to outside influences would protect the watchdog function of the media and, therefore, political and economic transparency.

Competition and Product Differentiation

In most research on media competition, increasing the quality of the news product is seen as a product differentiation strategy. Firms try to differentiate their products so as to capture the preferences and loyalty of consumers and reduce direct price competition with other producers in the market (Chamberlin, 1962). In many media sectors, advertising subsidies make price competition almost irrelevant (Lacy & Vermeer, 1995; Priest, 1994), leaving product differentiation as the primary strategic response to competition.

Mainstream economic theories predict that where there are only a few competitors in the market, producers will reduce product differentiation in order to appeal to the widest range of possible customers (Hotelling, 1929). This creates what Hotelling called "excessive sameness" in the products offered to consumers. Where significant competition exists, producers will diversify products in an attempt to capture specific segments of the market (Anderson, 2005; Eber, 2002). Increasing or reducing product differentiation, however, involves a trade off (Anderson, 2005): As product differentiation falls, producers move closer to their rivals and, thus, to the mean of customer preference. That increases the size of their potential customer or audience base, but it also increases the intensity of competition. Conversely, the more the more products are differentiated, the lower the intensity of competition, but the smaller the potential audience base becomes.

Economists who have extended these basic theories into the television programming market have argued that the relationship between competition and program diversity is more complex than these foundational arguments suggest. Their models suggest that outcomes of competition depend on the distribution of viewer preferences across the audience and the willingness of consumers to view their second or third choices in programming (Owen & Wildman, 1992). A study that directly examined the effects of competition on Dutch television programming over time found that moderate competition produced increased programming diversity, while ruinous competition produced an excessive sameness of low-quality programming (Van der Wurff & van Cuilenberg, 2001). A more recent examination of the effects of hyper competition on diversity in television programming across Europe concluded that content was being "dumbed down," and investigative journalism and programming appealing to minority tastes was becoming scarce (Open Society Institute, 2005).

Research has yet to examine wether excessive competition in news media markets may produce similar effects on news content. With price competition largely irrelevant, attracting audiences necessarily hinges on product differentiation within the news and information genre. So profits decline or disappear altogether, however, so do the financial resources needed to produce high-quality news. One study of conditions in emerging countries has suggested that excessive competition results in the pursuit of low-cost news differentiation strategies such as focusing coverage on scandal, sensationalism, or sex (Hollifield, Becker & Vlad, 2004).

Even more potentially problematic are the opportunities to appeal differentially to audiences' psychological utilities by offering ideologically slanted content. Hotelling's theory of strategic location has also been linked to the market for political ideologies, with two-party political systems producing parties that locate in the political center, while multi-party systems produce parties that stake out more specific positions across a larger swath of the ideological spectrum (Hotelling, 1929). Similarly, the news market is fundamentally the marketplace in which social, economic and political ideas compete for the attention of citizens. This raises the possibility that media organizations could strategically differentiate their news content by locating it within a specific ideological frame, rather than striving for balance and diversity in content and viewpoint, which produces sameness across news providers.

Psychological theories of dissonance and balance suggest that an ideological differentiation strategy would be a potentially successful differentiation strategy for media in highly competitive markets because people feel more comfortable when there is consistency between their personal attitudes, values and knowledge (Festinger, 1957). This suggests that at least some audience members might be more likely to receive positive psychological utilities from news content that was consonant with their preexisting world view. Interviews with media executives and professionals in nations in transition indicate that at least some media organizations are, indeed, differentiating their news products along the fault lines of political, ethnic or religious ideology (Hollifield, Becker and Vlad, 2004).

A potential constraint on media behavior in hyper-competitive markets is the professional culture of journalism. Although professional standards and values among journalists vary somewhat nation to nation, examination of codes of professional codes of ethics across regions suggests that there is a foundation of shared values among professional journalists in many regions around the world. In media markets suffering from hyper-competition, however, resource competition extends to the journalism labor market. The exponential increase in the number of media organizations has, in many countries, outstripped the ability of the educational infrastructure to produce journalism professionals who understand journalistic processes, values and ethics. Despite this shortage, the absence of profits in hyper-competitive markets keeps wage rates for journalists down, providing a disincentive for highly educated individuals to enter the field. The consequence, in many countries, according to media experts in those countries, is that a large number of working journalists have little education or training in the profession and, in many cases, little understanding of, or commitment to generally accepted professional values (Hollifield 2006). That factor combined with extremely low wages seems to make many journalists in emerging democracies both susceptible to capture themselves and less likely to oppose their employers when the media organization succumbs to influence peddling.

Taken together, economic theory, research on the effects of media competition, and research on the changing market structure of media industries in both developed and emerging nations, suggests that understanding the effects of media competition on news quality will be increasingly important in coming years. Although the effects of monopoly and oligopoly market structures on news quality have been widely studied, there is almost no research that examines the effects of hyper-competition on media performance and news quality.

Elsewhere we have proposed a model in which the relationship between media competition and news media performance in curvilinear (Hollifield, 2006). Under this model, monopoly markets produce the highest level of market performance in the form of profit for media organizations, but not the highest quality of news for consumers. Low-to-moderate levels of competition produce the optimal combination of outcomes in the form of topical diversity of news, enterprise and investigative reporting, balanced, non-ideological coverage, and solid market performance in terms of advertising and circulation revenues and organizational profits. Finally, as competition among news providers becomes ruinous, financial commitment to quality news declines as does the market performance of the organization. The quality and balance of news content also falls as wages for journalists fall, the size and quality of the news staff declines, reporter work loads rise, subscriptions to wire services and other external sources of content are given up, journalists and the media organizations that employ them become more subject to capture by outside actors, and the organization begins to pursue low-cost product differentiation strategies.

Media in Emerging Markets

Research suggests that the conditions of hyper-competition are present in many countries around the world and are particularly apparent in those nations going through rapid political and economic changes (Hollifield, Becker & Vlad, 2004). However, there also is evidence that conditions of hyper-competition in the news media may be emerging in developed nations as new communication technologies break down the traditional geographic barriers between media markets and offer consumers an increasing array of choices in content providers and delivery options. Thus, exploring the relationship between the effects of hyper-competition and news quality has many potential applications.

In recent years, however, the focus of concern among scholars, policy makers and non-governmental organizations (NGOs) has been how well media function in nations in transition and whether they are playing a positive or negative role in improving social and political infrastructures, economic development, and a stable civil society. Western governments and NGOs have invested tremendous resources in media development in transitional nations, and no region has received more resources, research and attention to its media than Eastern Europe. Thus, conditions in Eastern Europe illuminate the types of issues that make studying the effects of hyper competition on media performance so important.

Under communism in Eastern Europe, media content and circulation were controlled by the state through the communist party and censorship institutions. About 80% of the media programming in Eastern and Central Europe during the Cold War were local or produced in other communist countries (Field, 2002). The processes of media privatization and decentralization started immediately after 1989, first with print media and later with broadcast media and occurred within the context of the complex political and economic transitions from totalitarian regimes with centralized economies to democratic political systems and market economies. As a result, in many countries, the restructuring of the media industry occurred spontaneously and not as the result of careful regulatory or legal processes (Raycheva & Petev, 2000). Moreover, the pace of change in the media system was much faster than in many previous cases of national transition. For example, Poland restructured its broadcasting laws in three years after the fall of communism, while the same process had taken Spain 15 years to complete after the end of Fascism (Dobekostrowska, 1999).

In the early 1990s, political pluralism stimulated the creation of party affiliated newspapers. Partisanship in news coverage segmented the audience and eventually resulted in a decrease in media trust and, subsequently, media audiences. Relatively inexpensive production costs and the externality value of media ownership, however, encouraged political parties, businesspeople and interest groups to create or fund periodicals despite their poor financial performance, leading to a dramatic increase in the number of media organizations (Hollifield, Becker & Vlad, 2004; Lipman & McFaul, 2002). As an example, after the fall of the Milosevic regime, Serbia had about 1,400 media outlets at a total population of 7.5 million, while Croatia – at a 4.5 million population – had about 1,100 media outlets (IREX, 2005).

Research suggests that the increased number and diversity of media organizations has not necessarily led to better journalism (Hollifield, Becker & Vlad, 2004). Coman and Gross (1994) found that many media stories appearing in Eastern European media were biased, mixed fact and opinion, included false information or focused on non-events, and lacked any utilitarian value. In a separate article, Gross (2002) argued that at least part of the problem was that journalists in former communist countries have not developed a professional culture to resist the domination of political forces. Finally, although many media in post-communist countries have tried to replicate the model of U.S. and Western commercial media, the efforts have had mixed results. In many cases, media owners, such as Gusinski and Berezovsky in Russia, have launched media companies in order to influence the public opinion and to exercise political pressure.

With such motivations for media ownership common in many transitional nations, media markets suffering from hyper-competition are not likely to consolidate back to rational levels of competition anytime soon, despite the lack of financial return on investment. Indeed, the globalization of Western media and the introduction of new media distribution technologies may increase media competition even more in the future.

Hypotheses

The fundamental question emerging from the scientific literature and the observations about the media markets in emerging economies is of the relationship between competition and media performance.

Of particular concern is performance in the journalistic arena. It may well be that media that perform well in terms of market success might not perform well in terms of journalistic product.

The key concepts of competition and journalistic performance are themselves very complex. Competition as the struggle among media organizations for resources in the market. Among the resources that are competed for are consumers and advertiser spending. Competition, in this sense, is not simply a matter of numbers, but rather a matter of resources as well. In other words, a rich country with a large number of media outlets would be less competitive than a poor country with the same number of media outlets.

Media performance can be on numerous dimensions. One particular area of performance is journalistic, in which the media can be evaluated in terms of how well they meet traditional standards of journalistic behavior.

The expectation to be tested here is that competition will be associated with improved media performance up to a point. After that point, however, the expectation is that competition will be associated with lower levels of performance. The outcome should be a curvilinear relationship between competition and journalistic performance.

The underlying assumption is that low levels of competition allow the media to attend to issues rather than simply survival. In this environment, they can invest in the journalistic side of their product. Moderate levels of competition will stimulate the media to perform in this arena and produce a higher journalistic product. At some point, however, competition for resources become intense, and the likely outcome is that the media will invest less in journalism that serves the common good and more in journalistic practices that attract an audience. As competition for resources increases, the journalistic product will suffer.

Methodology

To provide a test of this hypothesis, a secondary analysis of data gathered by the International Research and Exchanges Board (IREX) was undertaken. The data are for countries in Southeast Europe, the Caucasus, Russia and Western Eurasia, and Central Asia where the media market is still developing and where high levels of competition are taking place.

IREX is a non-profit organization based in Washington, D.C., that focuses on higher education, independent media, Internet development, and civil society in the United States and internationally. In 2001, in cooperation with USAID, IREX developed a Media Sustainability Index (MSI) to evaluate the global development of independent media (IREX, 2001). The project has evolved over time, and additional reports were released by IREX for years 2002 through 2004 (IREX 2003, IREX 2004, IREX 2005). IREX assesses media sustainability using five criteria or objectives: 1) legal and social norms that protect and promote free speech and access to public information; 2) journalism that meets professional standards; 3) multiple news sources that provide citizens with reliable and objective news; 4) independent media that are well-managed businesses, allowing editorial independence; and 5) supporting institutions that function in the professional interests of independent media. The second criteria, journalism that meets professional standards, is a measure of professional performance.

To determine how well a country meets those five objectives, from seven to nine indicators for each of the objectives are assessed. The range of scores is from 0 to 4 for each of these indicators. The scores for each of the indicators within the five objectives are averaged to obtain a single score for the objective. The scores on the five objectives are averaged to arrive at a final score for each country.

To score a country, IREX assembles in each country a panel of experts made up of local media representatives, members of NGOs and professional associations, international donors, and media development workers. Each panel is provided with the objectives, indicators and an explanation of the scoring system. Panelists review the information individually, then assemble to come to a consensus on scores. The panel moderator, in most cases a representative from one of the country's media or an NGO, prepares a written analysis of the discussion, which is edited by IREX representatives. IREX staff (in-country and in Washington, D.C.) also review indicators and objectives, scoring countries independently. The final score for a country is an average of the panel score and the IREX staff score.

The measure of professional performance contains the following seven criteria: 1) Reporting is fair, objective, and well sourced; 2) Journalists follow recognized and accepted ethical standards; 3) Journalists and editors do not practice self-censorship; 4) Pay levels for journalists and other media professionals are sufficiently high to discourage corruption; 5) Entertainment programming does not eclipse news and information programming; 6) Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient, and 7) Quality niche reporting and programming exists (investigative, economics/business, local, political).

This measure of journalistic performance, earlier analysis shows (Becker, Vlad & Nusser, 2004), is correlated with the other four components of the sustainability index. At the same time, it does not appear to be identical to them.

The 2004 report by IREX contains for the first time additional data on the media in the countries studied. Included was a measure of the number of media outlets in those countries. IREX attempted to gather information on the advertising market in the countries as well. In most cases, however, it was unsuccessful.

An alternative source of data on advertising markets is World Press Trends, produced by the World Association of Newspapers (WAN, 2004). Advertising data on the countries rated by IREX, however, also was incomplete in the WAN report. An analysis of the WAN data for 47 countries where the data were available, however, showed that there was a Pearson Produce Moment correlation coefficient of .87 between total advertising revenue and the country's Gross Domestic Product, taken from the CIA World Factbook (2003). Gross Domestic Product, then, can be treated as a rough surrogate for advertising resources.

Gross Domestic Product was obtained from the CIA World Factbook (2004) and used as a surrogate for the size of the advertising market in the analyses that follow. The GDP was divided by the total number of media outlets to provide a measure of market competition. In a highly competitive market, this ratio should be small compared to a market with a low level of competition.

The 20 states included in the 2004 IREX assessment from Southeast Europe were Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro, Romania and Serbia. Kosovo is an international protectorate that is technically part of the federation of Serbia and Montenegro. IREX in 2004 treated these as three separate countries. Three countries from the Caucasus were included: Armenia, Azerbaijan and Georgia. Belarus, Moldova, Russia and Ukraine were included from Western Eurasia. From Central Asia were Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

Findings

Obtaining data on the number of media outlets in emerging media markets is a challenging task, it turns out. The IREX teams report inconsistently for the various countries, sometimes giving precise numbers for daily newspapers, nondaily newspaper, radio station and television stations, but often giving only total print and total broadcast. For one of the countries, Georgia, no data were reported on number of media outlets. The range of scores was dramatic, with Russia reporting 42,167 media outlets, and Tajikistan reporting 42. Data for Georgia were taken from the BBC web site (BBC, 2005); a total of 208 outlets were reported there.

Gross Domestic Product also varied widely, from Kosovo's $3 billion to Russia's $1.3 trillion. The GDP figures for Kosovo and Serbia were taken from the IREX report, rather than from the CIA World Factbook, since the latter did not differentiate GDP among the three parts of Serbia and Montenegro. Neither the CIA Factbook nor IREX had a GDP estimate for Montenegro, so it was dropped from the analysis.

To create the measure of competition, the GDP was divided by the number of media outlets. Ukraine had the lowest score (meaning the highest level of competition), with just under $13 million in GDP per media title, while Azerbaijan had the highest score (lowest competition), with $168 million in GDP per media title.

The IREX professional journalism scores ranged from Uzbekistan's 0.54 to Bulgaria's 2.56. The mean and median were both 1.78, while the standard deviation was 0.50.

The simple correlation (Pearson Product Moment) between the measure of competition and the IREX professional journalism index for the 19 countries included in the analysis was -0.07. In other words, the relationship predicted by the dominant thread of the literature was not correct. Competition clearly is not associated with improved journalism, as measured by the IREX index. Competition as measured simply by number of media outlets (with no reference to resources) is correlated +0.18 the IREX score. Competition as measured simply by the number of daily newspapers published, as measured by WAN (2005), is correlated -0.08. It is hard to make a case from any of these coefficients that competition has produced a positive effect on journalistic performance.

Evidence that the relationship is, in fact, curvilinear, as predicted, does exist, though the pattern clearly is not perfect. As Figure 1 shows, low levels of competition is associated with low levels of journalistic performance, consistent with the dominant arguments about the negative effects of monopolistic markets. And moderate levels or competition are preferable. But there does seem to be evidence that higher levels of competition are seeing a drop-off in journalistic performance, as expected. A simply comparison of a linear model and a cubic model, as shown in the figure, shows that the cubic model is a slightly better fit (with an R square of .059 vs. an R square of .005).

Clearly the relationship is more complex than predicted. And it would be a mistake to make too much of the shape of the curve as shown in the Figure. Bulgaria and Uzbekistan, two countries with roughly the same level of competition, as measured here, have radically different levels of professional performance. Clearly something other than competition is at play. The countries also differ in terms of Free Speech, as measured by IREX. Bulgaria had a score of 2.02 in 2004, compared with 0.70 in Uzbekistan. Belarus and Kazakhstan, also below the curve in the Figure, also score low on Free Speech. It is possible that it is government regulation as much as–or even more than–the high level of competition that draws down their professional journalism performance. Kosovo, which has better journalistic performance than might be expected given the competitiveness of the media environment, is a protectorate, so it is hard to know what the media might do there in a different environment. Ukraine, Russia, Serbia and Moldova show the effect predicted, namely a seemingly negative consequence of competition.

Conclusion

The data presented here do challenge the dominant argument in the literature that increased competition in the media market is a good thing. At most, the evidence is that increased competition has little effect in the emerging media markets studied. It may well be that increased competition after a point has a negative consequence.

The findings are tentative for a number of reasons. First, the analysis is a secondary one, of data gathered for another purpose. As is normally the case with reuse of data for another purpose, the measures are not ideal. It was not possible to get a precise measure of the advertising market from existing sources. The use of GDP as a surrogate is certainly a limitation. The measures of number of media outlets also were imprecise, in many cases rough estimates. In the dynamic media environments studied, measurement of this sort is necessarily problematic. Titles come and go literally daily.

Finally, the measure of journalistic performance is at best a gross approximation. As noted, the measure is highly correlated with other components of the IREX index, suggesting the possibility that the evaluators did not strongly differentiate among the components of Media Sustainability.

The sample also is small, limiting the generalizability of the findings even further. Any set of countries is different from any other, and it could well be that the findings would have been different had countries from Africa, Latin America, or Asia proper been included. In addition, it might be that the range of competition represented in this sample is inadequate to see the full range of the relationship.

Gathering data to test the hypothesis offered here is never going to be easy, and the availability of the IREX data is a step forward. Very little is currently in the literature about the media markets of most of the world, particularly those media markets that in the recent past were part of planned, centralized economies.

The findings, even tentative as they are, suggest that those investing in media development should be concerned about the nature of the media markets in the countries of concern to them. It may well be that their investments will be overwhelmed by market forces. Clearly it would be a mistake to endorse uncritically the normal view that competition is always a good thing.

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Figure 1. Relationship between Journalistic Performance and Competition