

# Market Forces, Media Assistance and Democratization

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INTERNATIONAL CONFERENCE  
STATE AND DEMOCRACY  
40<sup>th</sup> Anniversary of the Faculty of Political Sciences  
University of Belgrade  
Belgrade, November 28th – 29th, 2008

## **Short Abstract**

In the last two decades, western governmental and nongovernmental organizations have invested heavily in the development of media in countries outside their borders in an effort to foster the development of democratic institutions and liberalized economic regimes. This paper examines the assumptions behind those investments in media assistance as well as the dominant views of the donors about democratization itself and the operation of market forces. It also examines the empirical work that either supports or contradicts these assumptions.

Nongovernmental and governmental organizations around the world invest an estimated \$1 billion in media assistance projects each year. Involvement is widespread. At least 70 organizations in 25 donor countries outside the United States are involved in funding media assistance projects (Becker & Vlad, 2005). In the U.S., the number of donors is more than 50 (Hume, 2004). Donors are units of governments, nongovernmental organizations, including foundations, and multinational organizations. Spending is distributed around the world, with eastern and central Europe and African countries having been major recipients since the end of the 1980s.

These media assistance projects are based on a basic assumption that this assistance will play a role in bringing about improvements in democracy in the recipient countries. The assumption is based on basic theoretical arguments about the role of the mass media and about the importance of the information they can provide in supplying the needs of democracy. But a closer examination of media assistance projects also indicates that they are predicated on basic assumptions about the positive role of competition in a market society.

In this paper, we examine these assumptions about the role of the media in democracy and about the role of competition in a market society. We attempt to understand the theoretical arguments behind the assumptions. And we examine the empirical evidence that supports them.

Our conclusion is that many of the arguments are contradictory and imperfectly developed and that the empirical evidence to support them is minimal at best.

### **The Role of Media in Fostering Democracy**

A concern with the media in countries other than one's own is not new (Graves, 2007). Governments probably have been attentive to the type and quality of media that operate outside their borders since the development of media themselves. In the period after World War II, the United States and its allies invested heavily in the training of journalists and offered other forms of media assistance in order to control and improve the media in Japan and Germany. Funding for media assistance has been a key part of the U.S. policy in occupied Iraq (Future Media Working Group, 2002; Internews, 2003; Price, Griffin & Al-Marashi, 2007; Barker, 2008). The U.S. Department of Defense soon after occupation

launched a media network to reach the Iraqi population and paid Iraqi journalists to write positive stories about the occupation (Phillips, 2005).

Although the western assistance programs have been predicated on the assumption that development of free, independent media staffed by trained journalists leads to—or at least contributes to—the development of democracy, the evidence to support that assumption is not robust. Relatively little work has been done to empirically evaluate the media assistance programs. Most of the work that has been done has focused on the impact of the assistance programs on journalists, rather than on the impact of the assistance programs on the large media system. And almost no work has been done linking the media assistance programs to democratization.

Kumar (2006), a senior social scientist at the U.S. Agency for International Development (USAID), has explained the dominant western perspective lying behind media assistance projects. Media assistance, he wrote, is based on the underlying assumption that independent media contribute to the building of democracy and to economic development. The assistance is directed at journalistic practice and the media itself, he continues,

“to lay the foundation for the emergence and consolidation of a media sector free of state editorial or financial control, relying on advertising and sales for its survival and growth. Media development efforts strive to achieve the ideal of a ‘Fourth Estate,’ in which the press serves as a complement and balance to the three branches of power—legislative, executive and judicial. The Fourth Estate, by virtue of its financial and editorial independence, is supposed to hold state authorities accountable by documenting the government’s actions and nurture democracy by encouraging an open but respectful exchange of ideas and opinions (p. 1).”

The language, of course, is that of western, liberal, normative theory, as articulated by Siebert, Peterson and Schramm (1956) in their classic work on normative press theory. Media assistance is expected to produce better journalists, better media organizations, and a better media system (Harvey, 2007). That media system is supposed to produce, or at least contribute to, the development of democracy.

Kumar (2006) has stated this position clearly:

“(I)t is difficult to overstate the significance of media freedom and an unfettered flow of information. Without it, democracy is starved, markets are stifled, and public health suffers. Cultivating and nurturing a free media has to form an integral element of any effort to build democracy. Once independent-minded news organizations find a foothold, a whole range of positive effects ripple through society and ultimately spread beyond the country’s borders. (p. 166).”

Figure 1 is offered as a way of summarizing the assumptions lying behind this perspective. As the model suggests, much emphasis in the media assistance programs, in fact, has been placed on the training of the journalists. The training is designed to produce more skilled and motivated workers whose work will help create media organizations that facilitate and distribute their work. Media assistance programs also are directed at these media organizations. Some such training programs even have created media organizations, such as radio and television stations and newspapers. Others have provided subsidies for existing organizations. These organizations are supposed to operate in a way that creates a free–or independent–competitive media environment. Finally, media assistance is directed at the media system as well. For example, assistance programs have employed legal advisers who have drafted laws to help create the legal environment in which free media can operate.

The bottom line and arrow in the model are particularly important. Of course, media assistance is only a part of a larger initiative usually referred to as development assistance. This assistance is directed at the legislative bodies that create the laws, the administrative units and the executive branches that administer the laws, and the legal institutions that interpret them. In addition, the assistance is directed at the political bodies that operate in the society and at the society generally with its various civil organizations that make up what is generally referred to as the civil society. The assistance also is directed at the economic institutions thought to be crucial for development of a democratic society. This development assistance is expected to lead to the various institutions of democracy.

The free press–free media–are expected to create information that can be used by what we are labeling here generally the institutions of democracy. These institutions use this information, in this view, to create a functioning democracy and open economy. The expectation is that the free media produce

information that is functional from the point of view of governmental institutions, such as the judiciary, the legislative bodies, the executive institutions, and the various nongovernmental organizations that make up civic life. These institutions can make use of this functional information to create the democratic society.

Much development work has focused specifically on the institutions of a civil society—part of what we have labeled the institutions of democracy. Often these programs have included the media as one type of civil society institution, and media assistance is viewed, in this perspective, as a subtype of civil society assistance. Certainly it is possible to question the ability of media institutions to create other civil society institutions and well as the other institutions of democracy, and the question mark in the model is meant to so indicate.

In fact, no standard definition of civil society exists, as Carothers and Ottaway (2000) have noted. While Carothers sees the media as separate from other institutions of civil society (Carothers & Ortaway, 2000; Carothers, 2004), others, such as Dalpino (2000), do not. For Dalpino, civil society is made up all groups and activities not legally bound to the state. She includes the media explicitly in her list of civil society institutions, which also includes religious organizations, advocacy groups, and social service organizations. Lederach (2001) says a civil society is a “web of human relationships made up of individual people, their networks, organizations and institutions around which social and community life is built (p. 842).” Certainly the media can be part of such a web.

In much of the current literature, democratic and economic institutions are viewed as linked. As Kumar (2006) wrote, the expectation is that media assistance would lead not only to democracy, but also to a “liberal” economy. Putzel and van der Zwan (2006) have explicitly challenged the idea of any causal relationship between media freedom and independence and economic development, represented by the dotted line in the model. They label this assumption of causal relationship between media freedom and economic development a product of neo-liberal ideologies and say evidence of the relationship is tenuous at best. In what they term fragile states--that is a state susceptible to crisis, vulnerable to internal and extern shocks, and experiencing domestic and international conflicts--the relationship is unlikely to hold at all, they contend. Even more problematic are crises states, that is, a state under acute stress, or failed states, that is, a state that can no longer function.

Use of the media to promote conflict, war and even genocide in states that have experienced liberalization of, or unexpected lack of control over, their media has done much to challenge the simplistic view that media freedom should be the primary goal of developmental assistance. Much of the writing has focused on Rwanda, where the liberalization of media regulations resulted in media that contributed to and encouraged genocide (Berkeley, 2001; Kurspahic, 2003; Putzel & van der Zwan, 2006; Snyder & Ballentine, 1996; Thompson, 2007), and the Balkans, where the disintegration of the Yugoslav state and its media system resulted in the creation of media properties that incited conflict (Goff, 1999; Putzel & van der Zwan, 2006; Snyder & Ballentine, 1996; Thompson, 1994). Gross (2002) has argued that the media in all of Eastern Europe have failed to contribute to democratization in the period of change after 1989.

The counter argument is that the introduction of press freedom is a matter of timing. Before the system can be liberalized, that is, before a system of press freedom can be introduced, training of journalists and the creation of appropriately structured media organizations must be in place (Snyder and Ballentine, 1996). Such a position, of course, tolerates constraints on media freedom in the interim. This is a position argued explicitly by Allen and Stemplau (2005), who acknowledge the conflict between their position and traditional liberal press theory. (They also note the conflicted nature of U.S. media policy in Iraq.) It also is possible that other elements of civil society must be in place—such as established parties and governmental institutions, rule of law—for the society to be able to manage press freedom successfully (Waisbord, 2007). Snyder and Ballentine (1996), for example, argue that regulations on hate speech and for protection of minority groups may be prerequisites for a functional press system.

The use and manipulation of media in war and conflict has created a new emphasis on training of journalists in coverage that is either conflict sensitive (Ross, 2003) or actually promotes peace (Lynch & McGoldrick, 2005). Hanitzsch (2004) has challenged the logic of the latter, arguing that peace journalism may make unrealistic assumptions about media effects. Payne (2005) also has argued that in modern war media are always an instrument of war, regardless of the level of training of the journalists or the independence of the media organization.

Linz (1975) lists freedoms of association, information, and communication as essential components of democracy. Gunther and Mughan (2000) call mass media the “connective tissue of

democracy.” O’Neil (1998) writes that without the freedom of communication mass media provide, the foundation of democratic rule is undermined.

Jakubowicz (2002), however, says that whether mass media lead or follow change, whether they mirror or mold society, and whether they should be conceptualized as agents of change or of the status quo have yet to be resolved. In their study of Spain, Gunther, Montero, and Wert (2000) found evidence that media aided in the transition to a consolidated democracy by helping to legitimate the new regime and by contributing to the socialization of the public in ways of democratic behavior. Not all media practices, though, may be beneficial to democratic development. In the case of Nigeria, Ette (2000) argues that media can undermine democracy and states and that it is not even clear the press has a common understanding of how it should serve the cause of democracy.

Downing (1996) sees media as pivotal in the struggle for power in all regimes, including nondemocratic regimes. Media of all types facilitate the struggle that emerges between political movements and the authoritarian state in the process of regime change, and continues through the transition stage into the consolidation stage, with whatever regime emerges. Gunther and Mughan (2000) argue that most political elites, regardless of regime type, believe the media to be important in shaping the views of the public and have attempted to develop policies to suit their economic, social, and political purposes.

Rozumilowicz (2002) provides an elaborate argument for the relationship between the media and democracy. Five key points are offered. First, a media structure that is free of interference from government, business or dominant social groups is better able to maintain and support the competitive and participative elements that define democracy and the related process of democratization. Second, free and independent media buttress the societal objectives of democracy, a particular economic structure, greater cultural understanding and general human development. Third, free and independent media allow individuals to find a public forum in which to express opinions, beliefs and viewpoints to their fellow citizens. Free and independent media inform, entertain and enrich the life through the profusion of others’ ideas, opinions and visions. Fourth, free and independent media provide for an expression of

options so meaningful decisions can be made. And fifth, free and independent media guarantee access to the less privileged in society, giving them voice.

### **Appropriate Outcome: Press Freedom**

While media assistance projects are most commonly oriented toward the individual media worker, generally a journalist, the ultimate goal, as reflected in Figure 1, is the improvement of the operation of the press system in the country. Historically, the ideal outcome has been termed press freedom.

The concept of press freedom is a contentious one in the literature of mass communication. Early definitions of the concept reflected post World War II geopolitical construction and focused primarily on freedom from government control (Siebert, Peterson and Schramm, 1956). Lowenstein (1970) argues that “A completely free press is one in which newspapers, periodicals, news agencies, books, radio and television have absolute independence and critical ability, except for minimal libel and obscenity laws. The press has no concentrated ownership, marginal economic units or organized self-regulation.” Weaver (1977) identified three components of press freedom: the relative absence of government restraints on the media, the relative absence of nongovernmental restraints, and the existence of conditions to insure the dissemination of diverse ideas and opinions to large audiences. Piccard (1985), among others, distinguished between negative press freedom (the absence of legal controls, such as censorship) and positive press freedom (the ability of individuals to use the media).

Subsequent work (for example, Hachten, 1987) argued that definitions of media freedom should include other concepts, such as the role of media in nation building, economic development, overcoming illiteracy and poverty, and building political consciousness. Hagen (1992) focused on what she described as media democratization. She proposed altering the top-down, “one-way flow” of messages from contemporary mass media to the public by increasing citizen participation. Breunig (1994) viewed press freedom as one type of communication. Others were freedom of speech, freedom of opinion and information freedom.

Curran (1996) differentiated between a classical liberal perspective on media freedom and the radical democratic perspective. The former focuses on the freedom of the media to publish or broadcast. The latter focuses on how mass communications can “mediate in an equitable way conflict and

competition between social groups in society.” Within the classical liberal perspective, according to Curran, is a “strand” arguing that the media should serve to protect the individual from the abuses of the state. Within the radical democratic perspective, he continued, is a “strand” that argues that the media should seek to redress the imbalances in society.

McQuail (2000) said that the concept of media freedom covers both the degree of freedom enjoyed by the media and the degree of freedom and access of citizens to media content. “The essential norm is that media should have certain independence, sufficient to protect free and open public expression of ideas and information. The second part of the issue raises the question of diversity, a norm that opposes concentration of ownership and monopoly of control, whether on the part of the state or private media industries.”

For Price (2002), the “foundation requirement” for media freedom is that government does not have a monopoly on information. Rozumilowicz (2002) similarly contended that the question of who controls the media is critical to consideration of whether it is free and independent. There must be a diffusion of control and access supported by a nation’s legal, institutional, economic and social-cultural systems, she argues. Rozumilowicz sees media independence as the outcome of a process of media reform and outlines four stages of media reform: a pre-transition stage, a primary transition stage, a secondary stage, and a late or mature stage.

The political science literature also indicates that there are four distinct stages that a country or territory goes through on the path to becoming a stable democracy (McConnell & Becker, 2002). These four stages of societal development can be labeled pretransition, transition, consolidation and stable (or mature). The pretransition stage focuses on societal conditions under the old regime, while the transition stage is that historical moment when the previous regime no longer holds political power. A state becomes consolidated when the ideals of democracy are accepted and adhered to, and then is considered stable when democracy functions over a period of time.

### **Empirical Analysis of Press Freedom**

Empirical research on press freedom goes back to at least the early 1960s. Nixon (1960), found that per capital national income, proportion of adults that are literate, and level of daily newspaper

circulation were positively related to level of press freedom, as measured by two International Press Institute classifications of media systems around the world. Gillmor (1962), found little evidence that the religious tradition of a country was associated with press freedom, again using the IPI measures of the latter. Nixon (1965), using a panel to rank press freedom in countries around the world rather than the IPI ratings, replicated his earlier findings of the importance of economic development, literacy, and growth of the mass media. Farace and Donohew (1965), using the Nixon (1965) press freedom measures, found that additional variables such as life expectancy, population, and education also were related to press freedom.

Lowenstein (1970), working at the University of Missouri's Freedom of Information Center, developed a measure of Press Independence and Critical Ability, based on 23 separate indicators, including restraints on media through legal and extra-legal controls, ownership of news agencies or their resources, self-censorship, and economic hardship that could extinguish some voices. The rating was by judges throughout the world who received a survey from the Freedom of Information Center. The resultant classification of the media was found to match closely those of Nixon's earlier surveys. Kent (1972), analyzed the PICA measures and found them to measure a single dimension of press freedom.

Nam and Oh (1973), using Nixon's Press Freedom Index (1965), found that freedom of the press is a function of subsystem autonomy in the overall political system. In other words, in political systems in which the various players have freedom of activity, the press operates accordingly. Weaver (1977) used the Lowenstein (1970) and Kent (1972) classification of press freedom and found that increases in economic productivity lead to less stress in the political system, and this decreased political stress leads to increased press freedom. Weaver, Buddenbaum and Fair (1985) attempted to replicate the findings of Weaver (1977) but concluded instead that increases in economic productivity in developing countries may have negative effects on press freedom rather than positive ones. For these analyses, Weaver and his colleagues used the then relatively new measures developed by Freedom House, a nongovernmental organization based in Washington, D.C.

Breunig (1994) examined the relationship between legal protection of communication freedom as written into the constitutions and related documents of nations of the world and another measure of press

freedom, namely offenses against communication freedom. Breunig gathered data on offenses against communication freedom through a content analysis of the Bulletins of the International Journalism Institute in Prague between January 1, 1988, and October 9, 1991. He found a disconnect between the two sources of information. States that guarantee communication freedom in their legal documents did not necessary provide for more freedom.

The early empirical work on press freedom treated press independence as the dependent or outcome variable, predicted by political and social factors. Stevens (1971), in fact, states these relationships as a series of propositions about the determinations of press freedom.

Besley and Prat (2001) found that press freedom, as measured by the Freedom House index, is negatively related to corruption and to political longevity of office holders. Brunetti and Weder (2003), again using the Freedom House measures of press freedom, replicated the finding of a negative relationship between press freedom and corruption in a cross sectional study and established that the direction of the relationship was from press freedom to decreases in corruption using panel data. Jacobsson and Jacobsson (2004), also using the Freedom House index of press freedom, found that press freedom is the outcome of economic wealth and of low market concentration in the consumer goods industries. Islam (2002) reports a scatterplot for the relationship between Freedom House measures of Press Freedom and its measures of democracy score. The plot suggests a weak relationship exists. Similarly, Carrington and Nelson (2002) show evidence linking media “strength” and “strength” of the local economy. The analysis is based on the Wealth of Nations Triangle Index for developing countries.

### **Evaluation of Investments in Media Assistance**

Evaluation has not been prominent in the media assistance landscape (Price, Noll and DeLuce, 2002). The designs used to assess the impact of media assistance usually are not ideal, as assessment is rarely the primary goal of the projects. Clements, Chianca and Sasaki (2008) have noted the limitations of research on the effectiveness of development aid generally. Despite these limitations, a body of scholarship has begun to emerge examining the impact of media assistance initiatives that is worthy of review.

Carothers (1996), for example, in his assessment of democracy assistance to Romania, included an evaluation of major media assistance projects in that country and concluded that the project “failed to contribute to the development of independent media” and “has not contributed to the development of professionalized media” in the country.

Becker & Lowrey (2000) conducted an evaluation of the Knight International Press Fellowship Program, which began in 1994 and sends journalists to assignments around the world. The evaluation focused on self-reports of impact and observations of impact on others, on media organizations, and on the media system in the country. The authors found evidence of impact.

Thompson (2000) reviewed efforts by Organization for Security and Cooperation in Europe (OSCE) to reform the broadcast media of the former Yugoslavian states. In his view, there was little evidence of the effectiveness of the media assistance programs.

Berger (2001), in a study of trainees who had participated in a variety of journalism programs in southern Africa over a two and a half year period, found that trainees reported that they had gained from the programs, that female trainees had more impact on their newsrooms, that some were frustrated they could not implement their skills because of the work environment, and that training took time to have impact.

The International Center for Journalists (2002) conducted an evaluation of Free Press Seminars it conducted in Latin America between 2000 and 2002. Before and after the workshops, participants were asked to rate how familiar they were with the Declaration of Chapultepec, a free press manifesto for the Americas, and other key free press documents or restrictions. After the ICFJ workshops, familiarity with Chapultepec, Article 19, the First Amendment, and legal restrictions on freedom of expression in the United States and in the home country of the workshops increased significantly.

Nelson and Stinson (2004) provided USAID in 2004 an assessment of the impact of media training programs in Kosovo funded by USAID and other sources. Much of that investment has been in training, according to the report, and the training has produced mixed responses.

Manro, Palmer & Thompson (2004) analyzed the media development work of the Organization for Security and Cooperation in Europe (OSCE) in the Balkans, the Caucasus and Central Asia. The

researchers relied on “media experts” in the countries studied to provide evidence about impact. Manro and colleagues concluded that the programs were effective.

USAID has conducted a number of assessments of media programs it has funded around the world. Kumar (2006) reported the findings of those assessments of media assistance projects in Afghanistan, Bosnia, Central America, Indonesia, Russia, Serbia, and Sierra Leone. USAID also issued individual reports on a number of these projects (De Luce D. , 2003, September; Kumar, K., & Cooper, L. R., 2003, August; McLear, R., McLear, S., & Graves, P., 2003, November; Rockwell, R., & Kumar, K., 2003, June). The evaluations examined both the process (implementation) and outcomes (impact) of the media assistance projects (Rossi, Lipsey & Freeman, 2004). Kumar (2006) reported that surveys conducted by USAID and interviews with others involved in the media in Central America indicated that the training made a major contribution toward improving the technical and professional skills of journalists. He also concluded that the project contributed to democratization directly and indirectly.

The USAID project in Russia was designed to encourage the growth of independent, regional television stations. Kumar (2006) reported that the project contributed to improved management at participating television stations. In Serbia, USAID and other donors worked to increase the technical and logistical capabilities of media organizations so they could provide alternative information in the 2000 election, when Slobodan Milosevic was turned out of office. In 2002, USAID commissioned a national survey in Serbia that showed that about half of the respondents said they watched at least one of the programs of the independent television stations, about three-quarters reported reading one or more of the independent newspapers, and nearly six in 10 said the independent media were an important source of information in the election (Kumar, 2006). In Bosnia-Herzegovina, donor countries established a commercial, multi-ethnic television network to provide balanced and comprehensive coverage of the entire country. The network failed as a commercial network, but Kumar concluded it had, during its operation, provided access to the airwaves for people who would otherwise have been excluded. In Indonesia, USAID focused on improving independent radio news coverage by enhancing the skills of those in existing radio stations selected for the project. Kumar (2006) said that interviews with media owners, journalists and local experts showed that the training programs improved professional expertise in the radio stations.

He acknowledged, however, that there is no hard evidence that the skills and techniques taught actually were utilized. The program also attempted to expand the amount of news coverage by participating radio stations. Prior to the program, only five of the 50 selected stations broadcast news bulletins on regular intervals in their programming. After the program, all 50 stations had established news departments and broadcast news at regular intervals. Kumar (2006) noted, however, that only stations interested in expanding or developing their news capability were selected for the program, so they may have increased news broadcasts even without the assistance of the project.

The USAID Afghanistan project also focused on radio. USAID established a network of community radio stations to air local and national current affairs programs. Fourteen local radio stations were created for the network. Kumar (2006) reported that the quality of programming and local reporting remained poor at the time of evaluation of the project. Also unclear is whether the stations could survive once international assistance was removed. Establishment of the stations and the network, however, was considered to be a significant accomplishment. In Sierra Leone, donors created a broadcast studio to produce radio news and entertain program for distribution in the country. Kumar (2006) reported that interviews with informants indicated the programs were reaching a national audience, that they covered a broad range of topics, and that the programming was giving a voice to poor and other people with no other access to radio. Persons interviewed, who represented various groups in the war-torn country, indicated that they felt the programs had contributed to democratization in the society. The studio is entirely supported by donors, Kumar wrote, and its sustainability is in question.

Mussuri (2005) compared how four online publications supported by international donors differed in their coverage of the country's Orange Revolution of late 2004 from four other online publications that had not received support from international donors. Included in the support by international donors was a variety of training programs. The researcher sampled stories in these eight publications in October and November of 2004. She found that the media with outside support and training were more likely to cover the political events taking place in Ukraine at that time. Though each of these media covered the opposition in those stories, the stories in the media supported by outside donors were more likely to provide balanced coverage of the opposition. The stories about the opposition in the media not getting

outside training and support were often sarcastic in tone, the writers often mixed their personal opinions into the news stories, and language choice presented the opposition in a negative way. The web sites that had been given outside training and support did not use biased language, presented more than one point of view, and did not mix editorial comment with reporting. She concluded that the style of reporting in these media was “very close to the western style of reporting, or to what is usually taught in training sessions.”

Takeuchi (2005) completed an evaluation of a program that the Sasakawa Peace Foundation funded from 1991 to 2004. The program brought 81 journalists from the Pacific Islands to Japan for visits of differing duration. The purpose of the program was to expose the journalists to Japanese culture, politics and media. Takeuchi surveyed participants and reviewed stories written upon their return to assess impact of the program. The evaluator concluded that the program undoubtedly was successful in exposing a group without prior experience to Japanese life, but there was little evidence the program had an impact on the professional development of the journalists. It also had limited impact on what the journalists wrote or did after they returned.

Becker & Vlad (2006) also studied the impact of a two-year project media assistance project conducted in Philippines on conflict-sensitive journalism. The analysis examined media coverage of the ongoing conflict in the south of the country and the impact of two workshops conducted with journalists covering the conflict. The research showed a gap between the ways the journalists described media coverage of Mindanao and what the content analyses showed. The journalists from Mindanao described their coverage as rich in detail and background. The content analyses showed just the opposite. The journalists there, as well as those working in the capital, Manila, complained about the lack of coverage by the Manila media of anything but conflict in Mindanao. The content analyses showed the Manila media coverage to be more complete than that criticism suggests. Evidence of strong impact of the workshops on the actual stories written by the participating journalists was minimal.

Evaluators at the BBC World Service Trust (BBC World Service Trust, 2008) found that an extensive training program for journalists in Yemen that was designed to improve local and presidential election coverage had mixed results. The training did lead to improved coverage in some of the radio

stories, but not in television. Technical quality of broadcasts did improve. After the training, there was evidence of increased news gathering on the part of the reporters.

Relatively little research has been done looking comparatively at investments in media assistance or even democracy assistance across countries. Finkel, Perez-Liñam, Siligson and Azpuru (2006) have compared countries where USAID provided democracy assistance from 1990 to 2003 with those that did not and concluded that specific democracy and governance investments had a significant impact on democracy. They also concluded that investments in press freedom assistance by USAID led to increases in press freedom in those countries. Vanhanen (1990, 1997, 2002), in a series of studies, however, found that democratization is predicted by economic factors, specifically the distribution of social and economic goods, rather than anything like press freedom.

The theoretical model represented by Figure 1 is one way of focusing attention on what we know about media assistance and what still needs to be known. Each of the lines in the model can be put as a question.

*Does media assistance lead to trained, skilled, motivated journalists?* The answer is yes, probably, but evaluation is spotty, more often focusing on process than on impact. Much of the evidence comes from self-reports of impact. Control groups are used infrequently. The evaluation often has been carried out by the funder or the media assistance provider, raising questions about the independence of the fundings.

*Does media assistance lead to the creation of media organizations that facilitate and distribute the work of journalists?* The answer is, maybe. Most of the evidence that exists is indirect, based on observations of participants. Designs are often limited. Many examples of failed investments exist, and few general rules have been learned. The problem of sustainability is paramount.

*Does media assistance lead to creation of independent media systems?* There is almost no systematic evidence at present that it does. No comparative studies of investment at the country level have yet been done. Such an analysis is badly needed. Considerable controversy also exists about what is meant by independent media.

*Do independent media produce information needed for the functioning of democracy (or an open economy)?* Almost no evidence exists that independent media are more likely to produce the information needed for democracy than media that are not independent. In fact, in China today, where all the media are still in one way or another state controlled, considerable critical reporting is being done and citizens are being given information they need to challenge their leaders. The U.S. media—often considered independent of government—did a very poor job of challenging the assumptions behind the 2003 U.S. invasion of Iraq, as even the media themselves have acknowledged (Massing, 2004).

*Do independent media lead to the creation of the institutions of a civil society or the other institutions of democracy?* No one knows the answer to this question. In fact, no one has seriously examined the question empirically. The evidence that civil society assistance programs specifically and development assistance generally have been effective in creating a civil society and democratic institutions also is mixed (Carothers, 1999; Carothers & Ottaway, 2000).

*Do democratic institutions make use of the information provided by independent media to produce a functioning democracy (and an open economy)?* Surprisingly little effort has been made to answer this question, though it is at the heart of the assumptions we made about media and civil society assistance. We certainly know relatively little about the conditions that may be required to make this relationship work.

It also is worth asking: *What do we know about media freedom and other measures of the characteristics of the media system?* We have strong evidence of the reliability of the measures across time (Becker, Vlad and Nusser, 2007) . We also have convincing evidence of the reliability across different measurements by different “firms.” We also have some evidence of criterion validity, that is the ability of the measures to reflect known changes in the media environment.

The measures, for the most part, focus on media freedom and independence from government control, but they do not take into consideration the pressures of commercial dependence. The measures also have had difficulty reflecting the rapid emergence of new media. They also largely ignore the needs of the audience. Additional measures, focusing on the “needs” of democracy still are to be developed.

The theoretical model shown in Figure 1 leads to a focus on the structure of the media system and its consequences. The underlying assumption is that a media system judged to be reformed, in the

Rozumilowicz (2002) sense, or judged by Freedom House or Reporters sans frontieres to be free, or by IREX to be Sustainable, will produce news that is needed by a democracy to grow and prosper. Among the existing indices, the IREX MSI, through its professional journalism component, probably comes closest to actually measuring media content. It seems appropriate that more attention be given to this issue.

This approach is consistent with Hage's (1972) notion of a definitional premise. Such a premise stipulates a property of a concept. In this case, the concept is democracy. For example, one could argue that a democracy, by definition, is a state in which all citizens have access to information about how the state operates. A democratic state is one in which citizens have the ability to communicate to each other. A democratic state is one in which conflicts are managed without resort to violence. A democratic state is one in which representations of members of the state are presented in a way that fosters appreciation and understanding.

Hage (1972) would next suggest a mechanistic premise, in which we posit that one way of providing these needs of society is through the media system. We would measure the media in terms of whether they were, in fact, providing what a democratic state requires. For example, we could classify the media in terms of whether they provided content that fostered harmony, rather than conflict. The conflict sensitive journalism approach (Ross, 2003) is a step in that direction. This approach is very much focused on media performance, rather than on media characteristics. It need not be a substitute for measures that focus on system characteristics. It can be a complement to those measures.

### **Media Competition and Media Performance**

One of the enduring questions in media management research and regulation has been about the relationship between media competition and media performance. Over the past quarter century, the rapid consolidation of ownership in media industries in the United States and other developed nations has focused the attention of scholars and policymakers on how the changing structure of media markets may be affecting the public interest.

Two key assumptions have dominated these discussions. The first is that media competition is a positive force, improving service of the public interest. This assumption parallels general theories in

economics, which hold that competition leads to more consumer choice, lower prices, and higher-quality products as organizations strive with one another to attract customers. The second assumption is that media play a central role in society by providing diverse ideas (Compaine, 1985), informing the public about current events and social issues, and serving as a watchdog on the government (World Bank Institute, 2002). Therefore, any trend that would serve to undermine the media's performance of these roles would be detrimental to society.

This ongoing concern about media consolidation has produced a large body of research on the effects of competition on media performance. However, the research is based primarily on observations of the U.S. media market, and the majority of the work has focused on newspapers, which face little direct competition in the United States. The few published studies from outside of the United States have been done in other developed nations where media-market conditions are similar. The underlying question driving almost all of the research has been what effects the *reduction* in competition among media organizations has on media performance.

Although clearly a critical concern, the focus on media consolidation is only half of the equation. Since the late 1970s, technological, economic, and regulatory changes have created explosive growth in the number of news and information providers, both in local markets and globally. This growth has greatly increased the intensity of direct and indirect competition among media companies for audiences and advertisers. Technologies such as the World Wide Web, cell phones, and personal digital assistants (PDAs) are introducing new layers of competition into media markets around the world. Even more notably, in many developing nations, the number of media outlets has mushroomed in the wake of political and economic liberalization, reaching levels never seen in developed countries relative to population size (Gross, 2002). Contrary to classic economic theory, many hypercompetitive markets are showing few signs of rationalizing because owning media companies has significant externality value, particularly in periods of political and economic instability (Hollifield, Vlad, & Becker, 2004; Open Society Institute, 2005). This article will explore existing theory and research on the effects of media competition on media performance. It will examine the implications of economic and strategic management theory for news

media performance in markets characterized by hypercompetition and propose a model that outlines the effects of hypercompetition on news media performance.

### **Defining Media Markets and Competition**

Discussing issues of media competition and media performance is necessarily difficult because both the concepts and measures used in the debate are complex and controversial and, in many cases, subjective. It is necessary, therefore, to begin by examining the most widely used concepts and measures. Issues of media competition are fundamentally economic in nature because they are, at their most basic level, issues of market structure. However, as the Industrial Organization (I/O) model predicts, market structure has profound implications for the conduct and performance of organizations and industries. For most products, the concept of *market* is defined by two factors: the product itself and the geographic area into which that product is sold (Albarran, 1996). As Lacy (1993, 2004) noted, however, media markets are, by nature, “fuzzy.” In other words, within media markets, it is difficult for producers to estimate how many competitors they face, to estimate the likelihood that consumers will substitute one product for another, or to know what barriers to entry might prevent new competitors from entering the market. Moreover, as the distinction between media formats becomes ever more blurred through technological convergence, the task of defining markets and competition becomes harder and harder (Compaine, 1985).

Defining geographic markets in media has been made more difficult by new technologies that encourage producers to expand their markets to take advantage of scale economies. Once local or regional newspapers, such as the *New York Times*, are now available across much of the United States and can be accessed online from around the world, and cable networks such as CNN and BBC World are distributed in most countries. This results in a condition known as *umbrella competition* in which layers of competition cross the traditional geographic boundaries of media markets.

Defining the “product” boundaries of media markets is also challenging. Classical economics defines competition as a situation in which a substitute is available for the product in question that provides the consumer with similar utilities at a similar price. However, predicting product substitutability is difficult in media markets because scholars have identified at least five distinct types of practical utilities

that audiences seek from media content: entertainment, surveillance of the environment, social interaction, decision making, and self-understanding (Lacy & Martin, 2004; Lacy & Simon, 1993). Consumers also derive psychological utilities from media, such as positive or negative feelings or associations (Lacy, 2004). Different people will derive different utilities from the same content, a factor that makes the relevance of media content highly variable across consumers (Priest, 1994).

The concept of media product substitutability is further complicated by the fact that media products also provide different *gratification opportunities* (Dimmick, 2003, 2005). Gratification opportunities are dependent on the time and space in which consumers can access the media content they want, such as in the car or at work. A final factor affecting the substitutability of media products is the language in which the content is produced, which impacts the ability of consumers to access it. This is an increasingly important factor as population migrations affect ethnic and linguistic diversity in nations around the world (Hollifield, Becker, & Vlad, 2004).

Finally, the definition of competition has been expanded by some scholars beyond the focus on product substitutability among consumers. Dimmick (2003, 2005) argued that competition should be defined as the struggle between producers for resources in the market. Under this definition, media are seen as competing for at least five types of critical resources: consumer gratification utilities and opportunities, consumers' time spent with media, consumers' money, advertisers, and content. This article will identify a sixth critical resource for which media compete: a professionally trained labor force.

### **Measures of Media Performance**

Economic theory argues that firms compete on one of three strategic dimensions: cost, price, or product differentiation (Chamberlin, 1962). In the media industry, however, the business models largely preclude competition on cost and price, at least where competition for audiences are concerned (Lacy & Vermeer, 1995). Consequently, competitive behavior in the media industry centers on product differentiation. The theory of monopolistic competition argues that firms differentiate their products to create the perception of unique value in the minds of buyers, thereby reducing elasticity of demand and evading competition on price (Chamberlin, 1962).

Research on competition in news media has used “quality” of news as the primary measure by which the effects of competition on media performance have been gauged. However, news quality is difficult to define, at least in part because of the differing uses and gratifications consumers seek from media. Generally, the definitions of quality journalism used in research can be divided into three subcategories: (a) content, (b) organizational, and (c) financial commitment to the news product. However, the measures used within those subcategories are not mutually exclusive. *Content* measures of news quality have been operationalized in previous research as balance and fairness, lack of sensationalism, strong local news coverage, accuracy, interpretation of news, believability, relevance, comprehensive coverage, favorable coverage of different groups in society, coverage of stories of interest to different groups in society, presentation of multiple points of view, reliance on authoritative sources, less emphasis on crime, more emphasis on coverage of local institutions, coverage that helps readers develop a sense of common values and community, a strong editorial page, visual appeal, and good writing (Becker, Beam, & Russial, 1978; Becker, Kosicki, & Jones, 1992; Bogart, 1989; Gladney, 1990, 1996; Just, 1999; Lacy, Fico, & Simon, 1989; Rosenstiel, Gottlieb, & Brady, 1999).

*Organizational* indicators of quality have been defined as editorial independence, staff professionalism, impartiality, editorial courage, community leadership, decency, integrity, staff enterprise, community leadership, and influence with opinion leaders (Besley & Prat, 2001; Gladney, 1990, 1996; Jacobsson & Jacobsson, 2004).

*Financial commitment* measures have been operationalized as the amount of locally produced copy, the amount of nonadvertising copy, the advertising–editorial copy ratio, the number of in-depth, investigative, or interpretive stories, the amount of visual and graphic material, the number of wire services from which a news operation draws content, the length of stories in terms of offering readers depth, the size of the news staff, reporter workloads, the number of stories or amount of time devoted to news programming, and investment in news gathering technologies such as satellite trucks (Busterna, 1988; Lacy & Blanchard, 2003; Lacy & Fico, 1990; Litman & Bridges, 1986; Powers, 1993). All such indicators require significant financial investment in news production.

## **Research on the Effects of Competition on Media Performance**

### ***Effects on Content***

The effects of competition on content identified by scholars have included more local content (Rarick & Hartman, 1966), increased use of graphics (Gladney, 1994; Kenney & Lacy, 1987), more sensational content in newspapers (Nixon, & Jones, 1956; Rarick & Hartman, 1966), and the development of specialized topical expertise and emphasis through story selection (Bae, 2000; Cho, 2002). Regardless of actual measures of content, research also has found journalists believe competition improves the quality of their reporting (Coulson & Lacy, 1996, 2003; Lacy, Coulson, & St. Cyr, 1999). Specifically, journalists were found to believe that competition increased the number of stories they wrote, made it more likely that they would cover certain stories and develop new angles on stories, increased the diversity of coverage, increased the diversity of editorial opinion, fostered a sense of urgency in reporting, made them work harder and more aggressively, made them more innovative, timely, and productive, and enriched the overall information available to the public (Coulson & Lacy, 1996, 2003; Lacy et al., 1999). On the negative side, some reporters felt that competition reduced the amount of time they had to report in-depth stories and increased the amount of sensationalism in their coverage. It should be noted that a number of early studies of competition found essentially no effects (Becker et al., 1978; Bigman, 1948; Borstel, 1956; Willoughby, 1955). However, Lacy (1989) argued that the difference in results between earlier and later research reflects differences in methods and measurement. Early studies used direct competition as the independent variable whereas later research used intensity of competition as measured by market share.

### ***Effects on Media Organizations***

Organizational measures of news quality have not been widely used in mass communication research. However, economists and some nongovernmental organizations such as IREX and Freedom House have used organizational measures in studies of press freedom and independence. In a theoretical exploration of competition and media independence, Besley and Prat (2001) argued that media in concentrated markets would be more susceptible to outside influences because governments or other forces would have to pay a fixed sum to all media to buy their silence or influence their content. With only a few media organizations in a market, buying influence would be more affordable. As the number of

media competitors rose, buying influence would become too expensive to be practical. Their analysis echoed an argument made earlier by Compaine (1985), when he noted that new communication technologies and the expansion of media competition would make it increasingly difficult for totalitarian governments to control information and people.

Jacobsson and Jacobsson (2004) came to a different conclusion, arguing it would be more expensive to buy off financially powerful media organizations than financially weak ones. Therefore, if competition reduced media profits, media organizations might become more willing to take bribes and the price of the bribe would drop. That would reduce media independence and, therefore, media quality. A synthesis of Besley and Prat (2001) and Jacobsson and Jacobsson's (2004) work suggests there might be an optimal level of competition that would produce multiple, financially powerful media firms in a given market. That would place the cost of influence peddling out of reach, facilitating media independence and subsequent social, political, and economic transparency.

### ***Effects on Financial Commitment***

The financial commitment approach, which originated with Litman and Bridges (1986) and was further developed by Lacy (1989, 1992, 2000), has dominated recent research on media competition and media performance. Lacy's (1992) four-step model postulated that intensity of competition would result in an increased financial commitment to the news product as measured by investments in news production. That, in turn, would increase the quality of the news content produced, which would increase the audience's utility. 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. Specifically, studies have found intensity of competition related to an increased financial commitment to news production as measured by newspapers having more wire services, larger news holes, more full-time newsroom employees, and lower workloads per reporter (Lacy, 1987; Lacy & Blanchard, 2003; Lacy, Fico, et al., 1989; Litman & Bridges, 1986; Nixon & Jones, 1956). Lower reporter workloads were found to increase the degree to which stories were balanced as measured by giving both sides of a story approximately equal attention (Lacy, Fico, et al., 1989). In television, increased competition was found to be related to the amount of

money spent on local television news (Busterna, 1980; Lacy, Atwater, et al., 1989), the size of the news staff (Lacy, Atwater, & Qin, 1989), the number of hours and minutes of news aired by local television stations (Busterna, 1988; Powers, 1993), investments in news gathering technologies (Lacy, Atwater, Qin, & Powers, 1988), and the percentage of stories with high assembly costs as measured by sending crews into the field (Lacy & Bernstein, 1992).

In radio, competition was related to increased amounts of staff-produced news and time devoted to staff-produced news (Lacy & Riffe, 1994). Competition in international television news markets also has been found to increase the financial commitment made by global media companies to their foreign investments (Shrikhande, 2001). A subset of financial commitment research has been studies on the effects of competition on media financial *performance*, as measured by media organizations' revenues and profits. As predicted by Lacy's model (1992), increased financial commitment to news production has been found to positively affect the financial performance of media organizations. Specifically, investments in news quality were positively associated with short- and long-term circulation gains in newspapers (Cho, Thorson, & Lacy, 2004; Lacy & Fico, 1991; St. Cyr, Lacy, & Guzman-Ortega, 2005), increased circulation revenue, advertising revenue, total revenue per copy, and gross profit per copy (Chen, Thorson, & Lacy, 2005).

In television, financial commitment to producing quality newscasts (Rosenstiel et al., 1999), increasing the number of hours of news (Powers, 1993), and hiring larger news staffs (Just, 1999) was associated with positive ratings trends. But research also suggests that the relationship between competition and financial performance is complex. Lacy and Riffe (1994) argued that financial commitment is a function of both the intensity of competition and the level of profit an organization is achieving. They noted that as the number of competitors rises, the level of excess profits available to invest in news operations and product differentiation strategies decreases, a hypothesis for which Lacy and Blanchard (2003) later found support. Research on the effects of competition on variables of media market performance shows that increased competition is associated with lower total ad lineage, Run of Press advertising (Shaver & Lacy, 1999), operating margins, cash flow margins, and earnings predictability in newspapers (Lacy, Shaver, & St. Cyr, 1996). Moreover, when a media company made

profit margins a higher priority than product quality, circulation, circulation revenue, and profit margins fell in subsequent years (Lacy & Martin, 1998). These results suggest that competition has a negative effect on media organizations' market performance unless media organizations respond by investing more heavily in product quality. However, such investments aren't possible when competition is so high that there are no profits.

### **Hypercompetition, Product Differentiation, and Excessive Sameness**

These findings about the effects of competition on media performance are consistent with economic theories about strategic behavior in markets with low-to-moderate competition. Mainstream economic theory predicts that when there are only a few competitors in a market, producers will reduce differentiation and focus on producing products that appeal to the widest range of consumer tastes (Hotelling, 1929). This strategy causes what Hotelling called "excessive sameness" in products and involves a strategic trade off: The closer producers move to their rivals and, thus, to the mean of customer preference, the more customers they will attract, but, at the same time, the more intense the direct competition for those customers will become (Anderson, 2005). Consequently, as competition increases, producers will diversify products so as to capture the loyalty of specific consumer segments and reduce the level of direct competition (Anderson, 2005; Eber, 2002).

Economists who have studied competitive television programming markets have suggested that in media the relationship between competition and product differentiation may be more complex than traditional economic theory suggests. Programming models posit that whether competition results in product differentiation depends on the distribution of viewer preferences across the audience and the willingness of consumers to view second- or third-choice programs (Owen & Wildman, 1992). Under most circumstances, the tendency will be for competition in television to produce programming that caters to dominant, rather than minority, interests and generates the largest audiences. In other words, research suggests high levels of competition will produce excessive sameness in television entertainment programming most of the time, rather than the differentiation predicted by Chamberlin (1962).

Despite the rapid increase in media competition in recent decades, there have been few tests of these contradictory predictions about the effects of competition on media performance. A study in the

early 1990s found some evidence that program diversity across all channels increased slightly as the number of direct competitors rose but that program diversity within each channel declined (Grant, 1994). A more recent study found that with moderate competition, Dutch television channels tended to produce both a wider variety of content and more of the specific types of content that viewers most wanted (van der Wurff & van Cuilenberg, 2001). But as competition increased, overall diversity in programming declined as networks tried to appeal to the largest possible audience. Finally, when competition reached hyper or “ruinous” levels, falling profits led media organizations to reduce production costs, resulting in an excessive sameness of low-quality programming as predicted by various programming models (Owen & Wildman, 1992).

Similarly, a recent study of television competition in Europe concluded that in many European countries, there is a growing commercialization, with the resulting “dumbing down” of general quality ... the distinction between public service broadcasters and their commercial competition, in terms of programme content and quality, has become increasingly blurred ... [and] investigative journalism and minority programming are scarce commodities in both public and commercial television. (Open Society Institute, 2005, p. 22)

These studies suggest that the relationship between competition and television programming quality and diversity may be curvilinear, with low-to-moderate competition producing the optimal level of diverse, high-quality programming and hypercompetition producing an excessive sameness of low-quality programming.

### **Hypercompetition and Low-Cost Differentiation Strategies for News Media**

Specific research on how hypercompetition affects the quality of news content has yet to be done. Research conducted in markets with low-to-moderate direct competition suggests that where competition levels are low, competition produces product differentiation in the form of higher quality news content. Indirect competition in the form of intercity or “umbrella” competition from other newspapers also was found to be related to larger news holes and lower reporter workloads (Lacy, Fico, et al., 1989). However, journalists in competitive markets reported that even moderate competition reduced the amount of time they had to spend on individual stories and increased the likelihood they would cover “unimportant” stories

(Coulson & Lacy, 2003; Lacy et al., 1999). Although responses varied somewhat across studies, journalists also reported that direct competition increased the tendency toward sensationalism (Coulson & Lacy, 1996, 2003; Lacy et al., 1999).

Indirect competition for audience's attention from non-news providers has been found to negatively affect news production. Specifically, increased cable penetration was found to be negatively related to news expenditures by local television stations (Busterna, 1980) and audience shares for news on both the national broadcast networks and local television stations (Baldwin, Barrett, & Bates, 1992). These findings suggest that some news consumers are being lost to non-news programming and that, as ratings fall, news organizations may be reducing their financial commitment to news.

Similarly, in radio, Lacy and Riffe (1994) found that increased competition resulted in a decrease in the number of local news stories produced by local staffers. They speculated that the decrease might result from lower profit levels caused by high levels of competition, a hypothesis later supported in a study of newspapers (Lacy & Blanchard, 2003).

Product differentiation is a particularly difficult issue for news organizations because news products are necessarily similar across producers. The core product of most newscasts and newspapers will be coverage of breaking stories, hard news stories, and weather—making excessive sameness in news products difficult to avoid. Consequently, in markets with moderate competition, news differentiation generally is accomplished by devoting more coverage than the competition to special topics such as investigative reporting, politics, health, or business (Bae, 2000; Cho, 2002). However, if competition reduces the profits and time available to invest in such costly reporting, such differentiation strategies become difficult if not impossible to pursue. The question then becomes what low-cost product differentiation strategies might be available to news producers in hypercompetitive markets?

One obvious option is to focus on news that is attractive to audiences but quick and inexpensive to produce such as news about sports, scandal, sex, and the sensational or celebrity. These stories provide entertainment utilities to consumers, among others, and thus generally have wide appeal. Research has found that even low-to-moderate competition at least slightly increases the news media's focus on unimportant or sensational stories (Coulson & Lacy, 1996; Lacy et al., 1999; Nixon & Jones,

1956; Rarick & Hartman, 1966) and that the weaker or trailing competitor is more likely than the stronger competitor to focus on such news (Shapiro & Schofield, 1986; Sylvie, 1991). A second low-cost approach is to differentiate the news product on the basis of ideology rather than quality. The potential to successfully differentiate products on ideology rests in the psychological utilities consumers receive from various media. Those include *symbolic psychological utilities*, which are the enjoyable feelings that arise through the communication of symbols (Lacy, 2004). Psychologists have long recognized that people seek consistency between their personal knowledge, opinions, and beliefs about their environments and themselves and are more likely to feel satisfied when they believe such consistency exists (Festinger, 1957). In addition, individuals may actively avoid information or conditions that create or increase dissonance with their preexisting views. This suggests psychological utilities would be higher where media content is ideologically consistent with a consumer's preexisting views.

Hotelling's (1929) Theory of Optimal Location suggests that in media markets characterized by low-to-moderate levels of competition, differentiating news products on ideology would be dysfunctional because occupying the ideological mean—nonpartisanship—would locate the news organization closest to the viewpoints of the greatest number of potential readers or viewers. Indeed, in the last quarter of the 20th century, it became a maxim among journalists in the increasingly consolidated U.S. media industry that “good journalism is good business.” The saying is based on arguments that investing in news quality results in larger market share and that an “objective” or nonpartisan approach to news will offend the fewest people. Lacy and Martin (2004) made a similar argument, noting that the disadvantages of partisanship suggests news organizations would be more successful if they differentiated their products on the basis of information quality rather than ideology.

Studies of U.S. media in the last half of the 20th century found evidence to support the hypothesis that news organizations in markets with low levels of competition avoided ideologically based differentiation strategies. Studies of competing newspapers found only one pair that appeared to be differentiating themselves on the basis of issues or ideas (Borstel, 1956). Even competing papers with declared affinities for opposing political parties were found to have high overlap in the local, national, and international political news they covered, were equally likely to run stories both sympathetic and hostile to

their own stated ideologies, staked out similar editorial positions on issues, and avoided carrying “opinionated political columnists” or taking editorial stands on controversial issues (Bigman, 1948; Willoughby, 1955).

In general, research has found that the U.S. media downplay stories that are grounded in ideological conflicts, might encourage social unrest, or challenge the existing power structure in their geographic markets (Gieber, 1964; Paletz & Dunn, 1969; Sylvie, 1991; Tichenor, Donohue, & Olien, 1980). In the face of competition, however, the smaller or trailing paper generally devotes a larger percentage of space and attention to coverage of a social conflict (Shapiro & Schofield, 1986; Sylvie, 1991).

Also potentially constraining news organizations from pursuing strategies of ideological differentiation is the journalistic professional culture. *Professional culture* is defined by shared knowledge, values, and ethics that are transmitted through formal professional educational and training programs and transcend the values of the specific organizations for which individual professionals might work (Bloor&Dawson, 1994; Forsyth&Danisiewicz, 1985). In the United States, for example, the journalistic professional culture is embodied in the codes of ethics of the Society of Professional Journalists (1996) and the Radio-Television News Directors’ Association (2000), which specify that journalists should avoid advocacy, promote the open exchange of views, provide a full range of information so the public can make its own decisions, and never, for any reason, deliberately distort the facts presented.

In the United States and countries with similar professional journalism cultures, individual journalists would be expected to resist efforts by media owners and managers to intentionally distort the news in favor of an ideological perspective. However, in many countries going through economic liberalization, the number of media organizations in the market has mushroomed, creating a demand for journalists greater than existing journalism education systems can supply (Hollifield, Becker, & Vlad, 2005). Many journalists in such countries have little, if any, formal professional education or training, a key component in developing a professional culture of shared standards and ethics. As a result, in highly competitive media markets, competition for a trained journalistic labor force is one of the key areas of resource competition among media organizations.

Even in developed countries, there is evidence that increased competition is leading to ideologically based differentiation strategies, despite professional standards to the contrary. In the U.S. national television news market where at least four 24-hr cable news networks compete, the Fox cable news network has been accused by critics of slanting its content to appeal to politically conservative viewers (Ackerman, 2001; Memmott, 2004). Moreover, surveys show that the audiences for Fox cable news network and CNN are increasingly distinguished by political party affiliation, with Fox attracting more Republican viewers and CNN appealing more to Democrats (Pew Research Center for the People and the Press, 2004).

From a public interest standpoint, a conscious decision by media organizations to differentiate news products by slanting stories in support of political, ethnic, or religious viewpoints is a matter of concern. Ideologically focused news organizations can play a role in hardening viewpoints and inflaming divisions between groups in society, particularly in nations in which social, political, and economic structures are undergoing change and power structures are being renegotiated. During the 1990s, for example, news organizations in Rwanda and the Balkan states mirrored the viewpoints of political actors hostile to specific ethnic and religious groups in those countries.

Critics argue that the distorted news that resulted encouraged the genocides that followed (Frohhardt & Temin, 2003; Human Rights Watch, 1999). Even in less extreme examples, critics argue that there may be a relationship between ideologically differentiated news and commentary and misinformation and misperceptions among viewers about public issues (Kull, 2003).

### **An Extended Model of the Effects of Competition on News Media Performance**

This examination of research on the effects of media competition on news media performance suggests that existing models have yet to account for conditions in manymedia markets, where economic liberalization and new technology have created hypercompetition relative to available resources. Because media consolidation has been the dominant concern in media economic research over the past quarter century, existing models have focused on the effects of low-to-moderate competition in mature news markets. However, media markets worldwide are characterized by explosive growth in the number of news and entertainment providers competing for audiences' attention. In addition, the constant

emergence of new technologies that expand audiences' gratification opportunities suggests hyper media competition may soon be as much an issue in developed countries and mature media markets as in emerging ones. In the face of these conditions, current models of the effects of competition on news media performance need to be extended.

It might be argued that hypercompetition among news providers would be short-lived because the need to produce profits would force the industry to consolidate. However, there is evidence to the contrary. The externality value of media ownership creates incentives to stay in the news business even when the business is not profitable (Hollifield et al., 2004; Open Society Institute, 2005). In many nations, ownership of commercial media is used to pursue business and political goals external to the media business itself. Market concentration has not emerged, and hypercompetition in the media industry continues. Therefore, we propose Figure 2:

- Competition is defined as competition for resources in the market, including consumer gratification utilities and opportunities, consumers' time, consumers' money, content, advertisers, and the professional journalistic labor force.
- News quality is defined according to the standards identified in previous research through content, organizational, and financial commitment measures, and includes service of the public interest through social, political, and economic development, as well as service and fair representation of minority voices and issues. The concept includes balanced, nonideologically motivated coverage of relevant issues.
- Monopoly markets would be expected to produce the highest level of financial performance in the form of profit for media organizations but not the highest quality of news for consumers.
- As predicted by Lacy (1992), low-to-somewhat moderate competition intensity will produce an increase in news organizations' financial commitment to news production. This will result in higher news quality, increased audience utilities, and improved market performance.
- For most media organizations, at low-to-moderate levels of competition intensity, news content and organizational quality measures generally will be higher than might be expected based on the

level of the organization's financial commitment. This will result from the influence of the professional culture of journalism on professional and organizational behaviors.

- As the number of media organizations increases, the intensity of competition for professional journalists will increase and the percentage of journalists in the labor force who have had the professional education necessary to sustain professional cultures will decline. This will have a negative effect on content and organizational measures of news quality.
- As competition intensity relative to critical resources in the market increases beyond low-to-moderate levels, profits will decline. As profits fall beyond some organizationally established benchmark, news organizations' financial commitment to news production also will begin to decline. This will result in lower news content quality, decreased audience utilities, and decreased financial performance.
- As competition intensity increases beyond low-to-moderate levels relative to the availability of critical resources in the market, news organizations will increasingly pursue low-cost strategies of product differentiation designed to create the perception of unique value for specific audience sectors.
- As the market becomes characterized by hypercompetition relative to the availability of critical resources in the market, media organization profits will drop below critical levels for most competitors.
- As profits fall, journalists' wage rates will fall to minimal levels, the full-time editorial staff size of media organizations will fall, and average reporter workloads will rise. Reporters will have less time to work on each story, including less time to seek out the sources necessary to ensure that stories are balanced and fair. Journalists also will come under increasing personal financial pressures because of low wage rates.
- As competition intensity reaches the level of hypercompetition, profits for most media organizations in the market will disappear or nearly disappear. As a result of the financial stress created by market conditions, both news organizations and individual journalists will become more susceptible to influence peddling from external actors in the form of personal influence, bribery,

monetary subsidies, information subsidies, and the trading of content for advertising or other sources of revenue and income. This will result in lower content and organizational measures of news quality, including decreased balance and increased use of sensational, scandalous, false, or ideological content. At this point, the levels of market performance, financial commitment, and content balance and quality will begin to converge at a minimal point. This model generates an obvious question: If the relationship between competition and media performance as measured by news quality is curvilinear, what level of competition produces the highest quality journalism in any given market relative to the availability of critical resources in that market?

This model is more complex than previous models of media competition and performance. It defines competition more broadly than previous models, incorporating the effects of competition for resources other than audience market share. It also doesn't assume that levels of competition in news media markets will not exceed the boundaries of economic rationality. Finally, this model raises the possibility that hypercompetition between news media organizations will result not in excessive sameness as has been found in television entertainment programming markets but, rather, in excessive differentiation, including differentiation on ideological grounds to the detriment of the public interest. That hypothesis remains to be tested. But, as new technologies increase the levels of direct and indirect competition faced by news providers, both the opportunity—and the need—to understand the effects of hypercompetition on news media performance are likely to increase.

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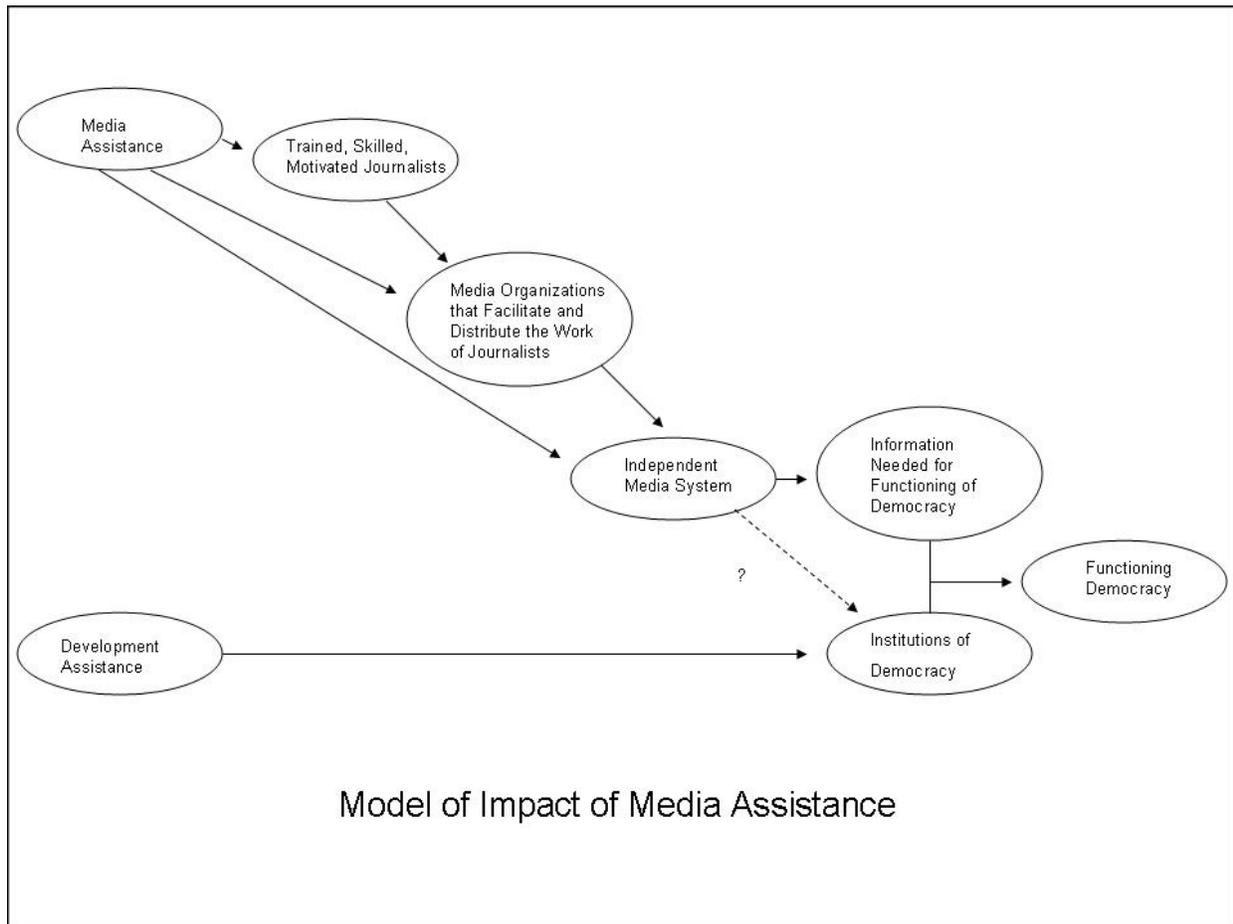
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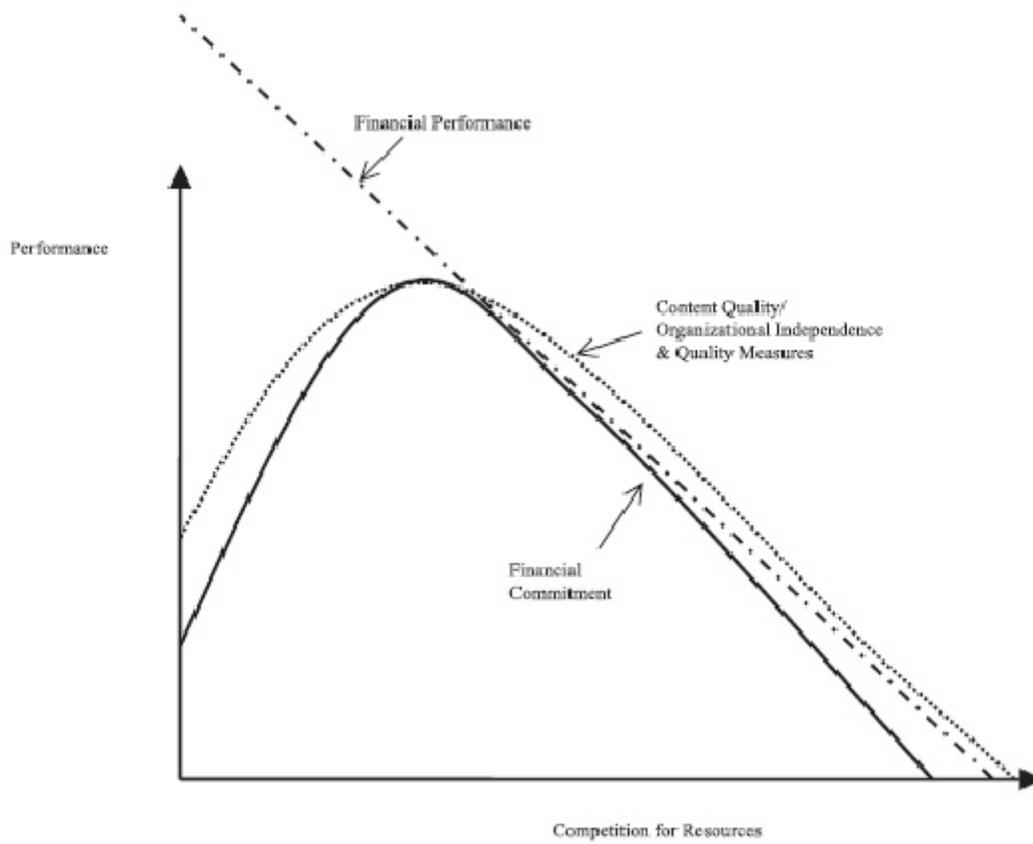
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Figure 1





**Figure 1.** The effects of competition on news media performance.