

**Media management** is seen as a business administration discipline that identifies and describes strategic and operational phenomena and problems in the leadership of media enterprises. Media management contains the functions strategic management, procurement management, production management, organizational management and marketing of media enterprises.

### Definition of media management

A uniform definition of the term media management does not yet exist, and “the field of media management in its present form is neither clearly defined nor cohesive.” Notwithstanding this fact, among existing definitions there is a shared base concerning the business administrative character of media management and the functional understanding of management. In the following a number of definitions are provided.

“Media Management consists of (1) the ability to supervise and motivate employees and (2) the ability to operate facilities and resources in a cost-effective (profitable) manner.”

“The core task of media management is to build a bridge between the general theoretical disciplines of management and the specificities of the media industry.”

“Media and internet management covers all the goal-oriented activities of planning, organization and control within the framework of the creation and distribution processes for information or entertainment content in media enterprises.”

### Media enterprises and media markets

Media enterprises are strategically organized economic entities whose central work is generating and marketing of media. The generation of media is the bundling of internally and externally generated content and its transformation into a medium. The marketing is the direct or indirect distribution of media. The term media in this connection is restricted to one-to-many-communication with one sender and a large number of consumers. More precisely, the focus is on newspapers, magazines, books, music, television, films, internet and games. More details can be drawn from the graphic illustrating the definition of media enterprises.

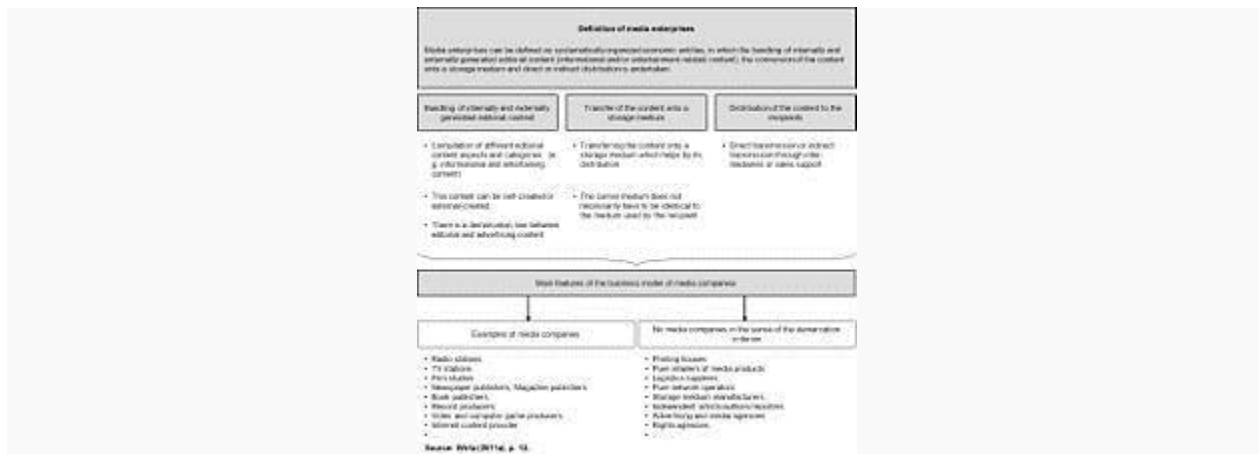


Image shows the definition of media companies.

In order to understand management in media enterprises it is crucial to build a larger picture of the media marketplace. The characteristics of media markets differ from markets of other economic sectors in several ways.

One characteristic of media markets is the multidimensional competition. Media enterprises operate in three different markets. They sell their services in form of content like information and entertainment, as well as in form of advertising space. These services are offered for different business markets. The content is offered to the consumer markets which differ depending of the type of media and the way it is used by consumers. The advertising spaces are traded on advertisement markets.

The third markets are procurement markets. They are needed as media enterprises generally do not produce all their offered content themselves but buy service packages of both, information and entertainment, from procurement markets. For example, authors and artists contracts or license and copyright deals can be acquired. But procurement markets can turn to business markets if, for example, complete rights to an event are purchased and then resold by a media enterprise in the form of secondary utilization rights. The described market structure is shown in the second image.

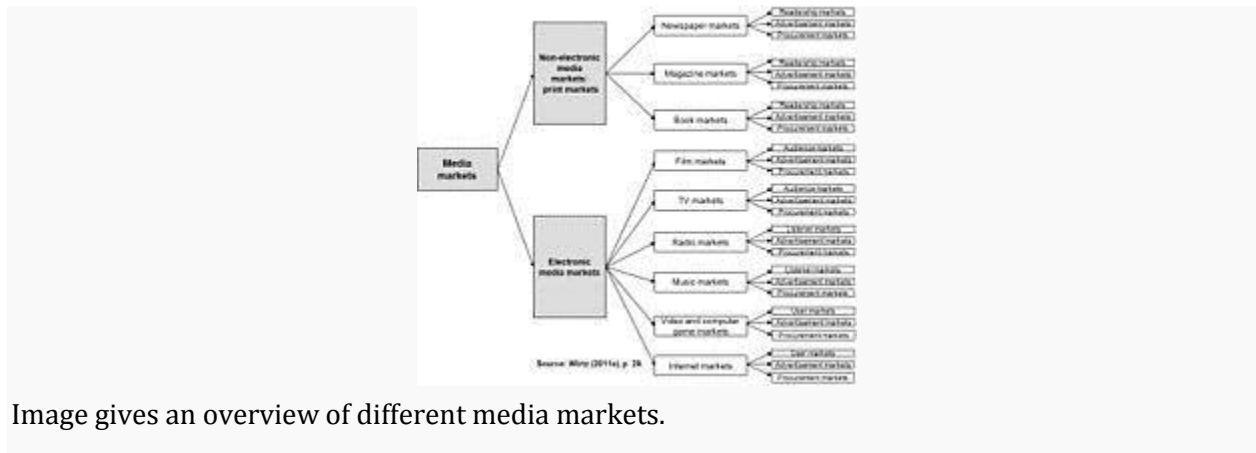


Image gives an overview of different media markets.

In fact, the three described media markets each media enterprise can be active in are strongly interdependent. But the intensity of their relationships differs. For example, there is a strong relationship between advertisement and consumer markets as the success among consumers drives advertising revenues. All possible inter-dependencies are pictured in the third graphic.

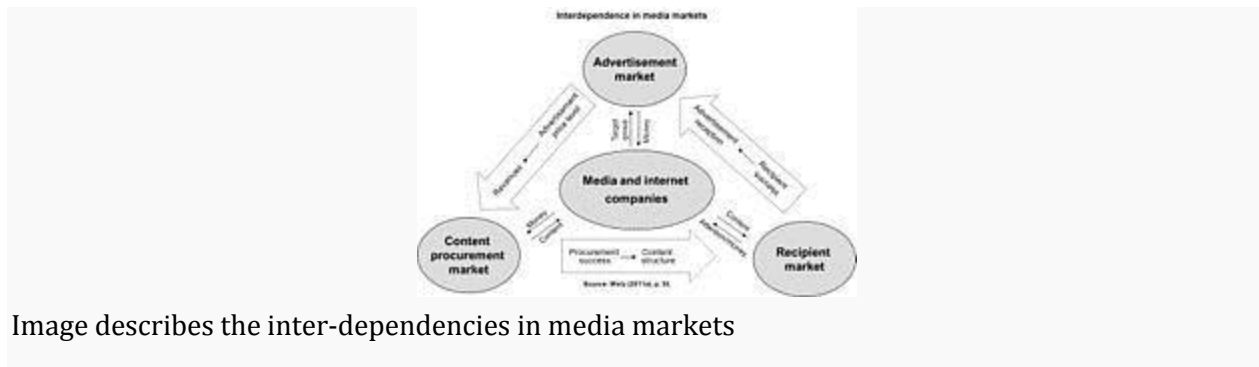


Image describes the inter-dependencies in media markets

Furthermore, there are geographic media markets. Media enterprises operate in specific geographic markets. Some firms operate in a national market while other companies, for example, local radio stations operate in a regional area. So the marketplace of a media enterprise consists of the product media markets (consumer market, advertisement market and procurement market) and the geographic media market.

### Media management value chain and media management core competencies

The value chain analysis by Michael Porter can be adapted for the analysis of value creation in media enterprises. Although the media sector is very heterogeneous and has different branch-specific features, the presented value chain of the media industry form the basic principles.

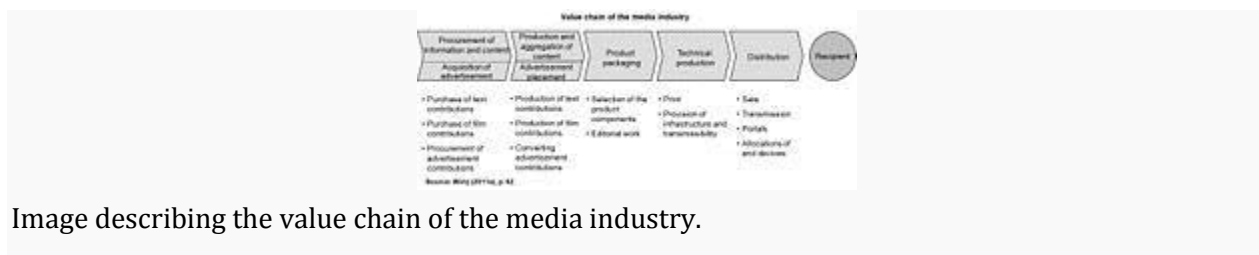


Image describing the value chain of the media industry.

Like for business companies in general, for media enterprises their core assets and core competencies are decisive for the long-term success. Core competencies considerably contribute to the perceived customer benefit of a product and ensure the competitive advantage of an enterprise. Competencies which are crucial to successful media management can be classified as technical skills, human skills, conceptual skills, financial skills and marketing skills. Core competencies of media enterprises are, for example, an exceptional editorial ability or cross-media marketing competence. There are six subgroups of core competencies of media enterprises: content-sourcing competence, content-creation competence, product development competence, promotion competence, cross-media utilization competence and technology competence.

The content-sourcing competence means acquisition of high-quality information and/or entertainment content for content production. Especially the production of exclusive content leads to unique competitive advantage. Content-creation competence is one of the most important core competences in most media enterprises. Media enterprises with content-creation competences are,

for example, especially good at realizing social trends and implementing them into their media products, making them highly attractive for the customers. The product development competence is the qualification for a product portfolio with a steady flow of revenues. In order to achieve this, media enterprises have to be able to develop promising media products and to assess their marketability. The promotion competence is specifically relevant for media products belonging to the film, book or music categories as these are individual products. Here a different promotion strategy than promotion of brand identity is needed. Achieving public attention and thus a better market position for media products constitutes the promotion competence. Media enterprises with cross-media utilization competences can provide content to the recipients in a timely manner, in the desired amount and via the right channel. Finally the technology competence refers to the employment of modern information and communication technology for the creation and marketing of content. Core competences form the foundation for the strategy formation process in media enterprises. For their future success, the media enterprises have to analyze the current competence basis and compare them with the required, strategically important, core competences derived from an external market analysis. There is a range of different influences on the media management decisions and actions that have to be included in the external market analysis. The influences are “the licensee, competing media, the government, the labor force, the labor unions, the public, and advertisers, economic activity, the industry, social factor and technology.”<sup>[6]</sup> In case some strategically important core competencies are not yet acquired by the media enterprise, they have to be developed.

#### Media management business models

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The concept of the business model is not used uniformly in the literature. Compared to the concept of the value chain, it is not limited to a physical production process. It also includes service processes. According to Timmers, “a business model is defined as the organization (or architecture) of product, service and information flows, and the sources of revenues and benefits for suppliers and customers.” According to Wirtz, “a business model is a simplified and aggregated representation of the relevant activities of a company. It describes how marketable information, products and/or services are generated by means of a company’s value-added component. In addition to the architecture of value creation, strategic as well as customer and market components are considered in order to realize the overriding objective of generating and preserving a competitive advantage.” The business model as an integrated management tool consists of further partial models: the revenue model, the consumer model, the procurement model, the production of goods and services model, the service offer model and the distribution model. Because a business model can strongly vary depending on the type of business, it can best be described using a sample. In the following the business model of a book publishing house is presented. Book publishers are companies that have two components to consider: profit-orientation and a cultural dimension. They

usually publish titles which are produced by external authors. The sales of books in the receiver markets are the main part of the revenue model of a book publisher. Other revenues can be generated in the rights and licensing markets. Further sources for revenues are utilization rights generating revenue outside of the printing sector. For example, successful manuscripts are used for film, television, magazines and merchandising.

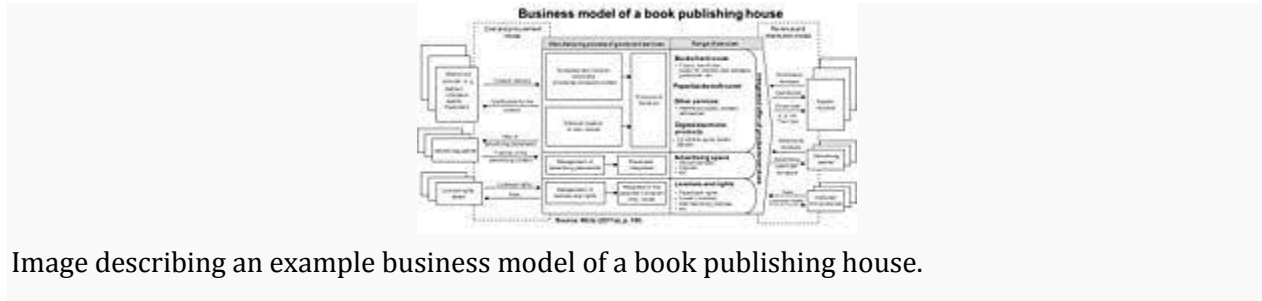


Image describing an example business model of a book publishing house.

For book publishers, production and distribution are the main focuses of the economic activity. Here the cost structure of manufacturing is of high importance. The amount of first copy costs in relation to total revenue is around 41%. Marketing costs are about 12 % and administrative costs average 14 %, with a profit margin of approximately 5%. The final product is delivered through existing distribution channels. With the rise of the internet, new distribution channels with direct delivery to book consumers have been developed. The business model of a book publishing house is shown in the graphic.

### Background

- **News** is the communication of selected *information* on current events which is presented by *print*, broadcast, internet, or word of mouth to a third-party or mass audience.
- Our world today is increasingly driven by a combination of information and entertainment values, were both are promoted by the explosion of different means of communication, especially electronic communication such as satellite TV and Internet, among many other forms, hereinafter is called the "**MEDIA**".
- Globalization paved the way for accessing national & International news. Diversified Media Types are the most powerful source of information, The Public news feeds considered a deliver a lot of information starting from KIDS information up to high end political information.
- Government Security agencies monitor the Media extensively to extract Valuable Information and most importantly to detect possible threats (ex. Social Networks Monitoring)

Mass Media Management (M<sup>3</sup>)

Solution

- ***The magnitude and multitude of national and international information displayed by the diversified Media, raised a desperate need to closely capture and monitor the specific news affecting the nations' wellness and in some cases destinies***
- ***In addition, it became abundantly clear that there is also a desperate need for historical tracking of such specific news to determine the true direction of change or modification of interests, trends and behaviors.***

- **Hence the need for creating Mass Media Management and Repository solution to capture such information for close monitor of current national and international events and to enable tracking the historical changes in such activities.**
- **D.A.T.A Development Aid Technology Advisors Inc. uniquely developed the Mass Media Management “M<sup>3</sup>” Solution through the creation of a Data Center hosting all stakeholders’ relevant desired information resulting in the optimum use of such information in the way that satisfies the stakeholders. Mass Media Management (M<sup>3</sup>) Solution**

Mass Media Management Solution Consists of the following Nine Modules:

- RSS Capture Module (Internet web sites)
- Digitization,
- Single Media
- E-Mail Distribution Module
- SMS Distribution Module
- WEB Distribution Module
- Centralized Print Distribution Module
- Closed TV Circuit & News Bar
- Repository

*Leverage*

#### **Up to the Minute News**

- *Stakeholders receive all news pertaining to their predetermined point(s) of interest, at the language of their choice and at the time of happening.*

#### **Breaking News**

- *Upon request, specific news can be rebroadcasted, live if desired, on a multitude of forms such as; e.mail, SMS, WEB, Close TV circuits and News Bars.*

#### **The Power of News Analysis**

- *The Repository hosts all news of specific interest to the nation in a Text format that can be called upon to Monitor, Track and analyze National and International Trends & Directions.*
- *Researchers and Analysts can use Repository data to produce various reports on specific subject(s) of interest.*
- *The Repository can be connected to any Open Source Intelligent (OSINT) system.*
- *Interested authorized parties can use FREE TEXT SEARCH to track specific activities by certain authority, on a certain subject along definite time frame ie.,*

**The speech of “President Obama” concerning the “Israeli-Palestinian Complex” for the last “3 Years”.**

In the field of mass communication, the term theory is often loosely defined. Paradigms, conceptual frameworks, models, normative theories, and, of course, actual theories are all frequently referred to as “theory,” although they represent very different constructs. As traditionally defined in science, a theory is a systematically related set of statements about the causes or relationships underlying observable phenomena (Rudner, 1966). Theories are developed by abstracting from observation and are confirmed through repeated experiments designed to test hypotheses related to a theory. The result is often the development of law-like generalizations about underlying causes and relationships. The purpose of a theory is to increase scientific understanding through a systemized structure capable of both explaining and predicting phenomena (Hunt, 1991).

Accepted theories become a part of our understanding and are the basis for further explorations of less understood areas. Being a statement of cause and effect, they help us predict with a certain degree of confidence future consequences of our current actions. Sound theories also help describe what is happening and why; hence they are valuable tools for data interpretation. For all of their usefulness, theories do have limitations: First, they are focused and very specific, and therefore they cannot give full explanations of all factors involved. This very characteristic usually results in deterministic explanations. Second, they tend to be based on narrow, unrealistic assumptions. Theories aim to develop models used for predictions of future behavior and consequences, but they need to deal with complications of the unpredictability of individual humans and social groups.

Although most of the theories and conceptual frameworks from which media management research draws are based in organizational studies, the field of media management is distinctive in a number of ways. First, media organizations produce information products rather than tangible products, and the underlying economic characteristics of information products differ from those of other types of tangible goods in critical ways. These fundamental economic characteristics are related to crucial differences in demand, production, market, and distribution conditions, creating a very different management environment than what is found in many other industries. Most important, media products have extremely high social externality value because of the central role information and media content plays in economic, political, and social processes.

Because media are one of the critical infrastructure industries in society, media management practices have implications far beyond the purely economic concerns of corporate investors. Thus, while media management research shares with organizational studies a concern with financial outcomes, the field extends its focus to include study of the effects of organizational management on media content and society. This very feature distinguishes the field of media management from the field of organizational studies. Indeed, Ferguson (1997) argued that until media management scholars develop distinctive theories that go beyond economics and applied management, it will be difficult to argue that media management is a domain of inquiry separate from either mass communication or organizational studies.

Even though media management aims to build a bridge between the general management theory and the specificities of the media industry, the field is far from being clearly defined or cohesive (Küng, 2007). Additionally it is underexplored and undertheorized. The subject of media management has been approached from media-related disciplines that are not necessarily

anchored in the study of organizations such as media economics, political economy, journalism, and communications (Mierzejewska & Hollifield, 2006). This implies that the range of theories used in media management research is equally diverse. The remaining pages of this chapter will discuss main theoretical approaches used in the media management scholarship.

#### Theories Used in Media Management Research\_\_\_\_\_

##### Strategic Management Theory

Strategic management has been the most widely used theoretical or conceptual framework in media management studies to date. Numerous case studies and analyses have been conducted in an effort to understand why some media firms outperform others, which is the primary focus of strategic management research. Those studies have addressed such issues as explaining the strategy of media market concentration (Albarran, 2002; Compaine & Gomery, 2000), adapting to changing market conditions (Greco, 1999; Picard, 2004),<sup>1</sup> and exploring strategic options for companies operating in various markets and regulatory settings (Gershon, 2000; Hoskins, Finn, & McFadyen, 1994).<sup>2</sup>

Two conceptual frameworks for studying strategic management are recognized as dominant (Chan-Olmsted, 2003a). The first builds on industrial-organization concepts and what has come to be known as the 14 SECTION I MANAGEMENT AND THE CREATIVE INDUSTRIES structure-conduct-performance (SCP) framework. The SCP approach focuses

on the structure of industries and the linkage between an industry's structure and organizational performance and conduct. According to the SCP framework, the "structure" of an industry (e.g., number, size, and location of firms) affects how firms behave (or their individual or collective "conduct"). In turn, the industry's "performance" is related to the conduct of firms.

For media management scholars, "performance" stands for both economic performance—the traditional measure in organizational studies—and social responsibilities that media need to fulfill for the betterment of a democratic society (Fu, 2003). Studies that have applied the SCP paradigm to the media industry are numerous (Ramstad, 1997; Wirth & Bloch, 1995; Young, 2000).

The second strain of strategic management research, known as the resource-based view (RBV), builds on the assumption that each firm is a collection of unique resources that enable it to conceive and implement strategies.

RBV strategies suggest that firms should discover those assets and skills that are unique to their organizations and cannot be imitated, thus protecting the organization with knowledge barriers (Barney & Hesterly, 1996). This approach is especially important and meaningful in the media industry due to the unique economic characteristics of information products (Chan-Olmsted, 2003b). In a content analysis of media strategy research, Chan-Olmsted (2003a) identified an even split between the SCP and RBV approaches in strategic management research on media companies.

A third important approach to studying strategic management that has emerged in the media management field is based on ecological niche theory from the biological sciences (Dimmick, 2003). Niche theory posits that industries occupy market niches just as biological species occupy ecological niches. The theory has proved valuable in examining competition among media corporations for scarce resources such as advertisers and audiences. It also helps explain how sectors of the media industry adapt to new competition such as that from the Internet or other new media and technologies.

Although the SCP and RBV approaches and niche theory represent the most frequently used theoretical approaches to studying strategic management, the study of strategy covers a wide range of other topics. Market-entry strategy, branding, joint-venture management, and new-product development are only a few of the more specific topics that can be conceptualized and studied as elements of strategic management. As research on the strategic management of media companies continues, the field may succeed in developing strategic theories specific to the media industry that take into account the special economic, social, and regulatory environments in which media industries and organizations operate.

#### Structural Theories

The primary approach in organizational studies to the study of issues of organizational structure has been the structural contingency theory. Structural contingency theories describe the relationships between organizational structures and performance outcomes. Grounded in assumptions of economic rationality, structural contingency theory argues that organizations will adopt structures that maximize efficiency and optimize financial performance according to the specific contingencies that exist within the organization's market environment (Donaldson, 1996). Consequently, there is no single organizational structure that will be equally effective for all companies.

Within media management research, structural contingency theory in its classic form has been little used. This may change in the future as the structures of media organizations grow increasingly complex through media consolidation and as variances in performance across seemingly similar media corporations become more evident. But if media scholars have invested little effort in exploring the effects of organizational structures on economic performance, they have, instead, developed a related but unique stream of research.

That research concerns the effects of media ownership structures on media content and organizational priorities. This research stream first emerged in the 1970s in response to consolidation in the newspaper industry and today continues to be a major focus of research. It concentrates mainly on the effects of newspaper chain ownership on media content as compared to independent ownership. The types of effects on content that have been studied have included endorsements of political candidates, editorial positions on current issues, hard news and feature news coverage, and coverage of conflict and controversy in the community (Busterna & Hansen, 1990; Glasser, Allen, & Blanks, 1989). Although there have been some contradictory findings, most studies have concluded that ownership structures do affect content, although the mechanism by which that influence occurs continues to be debated.

More recently, the focus of media management research on ownership structures has shifted from comparing the effects of chain and independent ownership to comparing the effects of public and private ownership (Lacy & Blanchard, 2003; Picard & van Weezel, 2008). This research suggests pressure from financial markets to maximize investor returns is reducing the resources publicly owned media corporations invest in newsrooms and content production. That, in turn, is presumed to reduce the quality of the news and entertainment products those companies produce, although the connection between reduced newsroom resources and reduced content quality has not yet been fully established.

Finally, another related area of research concerning the impact of media

ownership structures focuses on the effects of such structures on news managers' professional values and priorities, which are assumed to shape news decisions and the organizational resources invested in news coverage (Fedler & Pennington, 2003).

Important to note is that the majority of research on the effects of ownership structures on media content has focused on newspaper content.

Relatively few structural studies have examined broadcast content. This, no doubt, has much to do with the affordability and accessibility of newspaper content as a subject of analysis compared to television and radio content.

However, in the face of the rapid consolidation in the electronic sectors of the media industry since 1996, the increase in television and radio duopolies, and the development and diffusion of central casting models among broadcasters, there is a clear need to expand the samples used in media structure content research to include broadcast organizations.

Transnational Media Management Theory

In the past two decades, the rapid movement of media companies into the global markets has spurred a corresponding surge in research on transnational media management and economics (see also Tim Marjoribanks, in this volume). The topic has attracted interest for a number of reasons. There are many unanswered questions about how the kinds of consolidation and diversification involved in the global expansion affect corporate financial returns; how globalization impacts the content and quality of news, films, and other media products produced for a corporation's home market; how media management structures and practices shape the products and content produced for audiences in foreign markets; and, subsequently, how that content then impacts the politics, economics, cultures, and public interest in the countries that receive it.

One of the challenges of transnational media management research is developing theoretical or conceptual frameworks through which the phenomenon can be studied. Because transnational management includes so many different management topics, there is no single theoretical base for approaching research. This problem is characteristic of international business research in general (Parker, 1996). Indeed, perhaps the only unifying conceptual element in transnational organizational research is the assumption that having operations in multiple national markets will affect organizations or organizational outcomes in some way.

Research has tended to cluster around issues of organizational structure, strategy, and policy (Gershon, 2000). Relatively few studies have addressed specific issues of functional management such as finance, cross-cultural personnel management, leadership, product development, and operational coordination (Altmeyen, Lantzsch, & Will, 2007; Hoskins & McFadyen, 1993; Wasko, 1998). And few scholars have yet ventured into studies of human agency in transnational media management such as how leadership, social networks, and decisions influence global media expansion, product development, and outcomes. The use of such a variety of conceptual and theoretical frameworks has created a rich and wide-ranging view of transnational media management issues. However, it also has created a smorgasbord of only marginally related findings that offer little in-depth understanding of any particular issue or phenomenon. Far more systematic, programmatic research in specific areas of organizational structure, strategy, function, and leadership

Chapter 2 Media Management in Theory and Practice 17 will be necessary before the field can claim to have a true understanding of the management issues and challenges facing transnational media corporations and their host countries.

#### Organizational Culture Theory

Culture is a powerful force within organizations. Organizational culture shapes decisions, determines priorities, influences behaviors, and impacts outcomes (Schein, 1992). It can be a source of organizational strength or a factor in organizational weakness. In media management, organizational culture became a topic of widespread research interest in the late 1990s and the early 21st century at least in part because journalists and financial analysts blamed organizational culture clashes for many of the problems that developed in major media corporations during that period (Ahrens, 2004; Klein, 2002; Landler & Kirkpatrick, 2002).

The concept of organizational culture has its roots in anthropology.

Although the term culture has been defined in many ways, most definitions recognize that culture is historically and socially constructed; includes shared practices, knowledge, and values that experienced members of a group transmit to newcomers through socialization; and is used to shape a group's processes, material output, and ability to survive (Bloor & Dawson, 1994).

Organizational cultures are the product of a number of influences including the national culture within which the organization operates, the long-term influence of the organization's founder or early dominant leaders as well as its current leadership, and the organization's operating environment.

The company's primary line of business, the technologies of production it employs, and the market environment in which it competes are components of the operating environment. Thus, in the media industry, companies operating in the same industry sector, such as television stations, would be expected to share some characteristics of organizational culture because of the similarities in their products, markets, and technologies, while they would be expected to differ culturally from newspapers and radio stations for the same reasons.

Within most media organizations, there also exist multiple professional and occupational subcultures. Professional cultures unite individuals within the same occupation, even though they work for different organizations (Toren, 1969). The presence and mix of professional subcultures within an organization influence the culture of the overall organization, while the interaction between competing occupational subcultures within the company influences organizational behavior and climate. Research suggests that conflict between organizational and professional cultures is common. In general, organizational cultures are viewed by professionals as impinging upon professional norms, freedom of action, and commitment to service of the public interest. Similar tensions occur between coexisting occupational subcultures within an organization.

18 SECTION I MANAGEMENT AND THE CREATIVE INDUSTRIES Examination of media management research suggests that the application of organizational culture theory as a base for studying media organizations and management practices is relatively new, and the number of media management studies clearly grounded in culture theory remains small. An important example of these studies is an examination of the influence of corporate culture on the ability of news organizations to adapt to changing market conditions

(Küng, 2000; see also her chapter in this volume).

In subsequent years, the underlying constructs of organizational and professional culture theory have infiltrated a wide range of media studies such as news construction, gatekeeping, ownership effects, and organizational innovation. News construction research is the study of how variables such as newsroom structures, news routines, the demographic profile of journalists, and journalists' relationships with sources affect the selection and framing of news stories. Within the news construction research tradition, research on news routines examines the processes journalists use in their work and the way those routines—or professional cultural norms—influence story and source selection (Hirsch, 1977). Another related area of study has been how the technologies of media production, a factor in organizational culture, influence the professional norms of news routines (Abbott & Brassfield, 1989; Killebrew, 2003).